



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Public Hearing to Consider Adopting Resolution Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to Consider Amendments to Title 15, Section 64 of the Lodi Municipal Code

MEETING DATE: October 3, 2001

PREPARED BY: Public Works Director

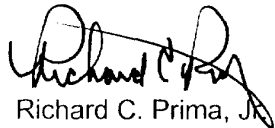
RECOMMENDED ACTION: That following a public hearing, the City Council introduce an ordinance amending the Lodi Municipal Code and adopt a resolution updating development impact fees for water, wastewater collection, storm drainage, streets, police, fire, parks and recreation, and general City facilities.

BACKGROUND INFORMATION: Development impact fees are used to finance the design, construction, and administration of projects needed to serve the demand for public infrastructure resulting from new residential and nonresidential development. The City of Lodi adopted the current development impact fees in 1993. Recognizing that construction costs change over time and projects are redefined, an update to the Development Impact Fee Program was initiated.

Copies of the report entitled Development Impact Fee Update were distributed to members of the City Council, developers and engineers active in the Lodi community, and the appropriate City staff in March. A public informational meeting was held on June 26, 2001, at the Carnegie Forum to present the final report and respond to comments and questions. Subsequent meetings were held with the Building Industry Association and the development community resulting in minor revisions to the report and consensus on the Program. Attached you will find a summary of the revised schedule of Impact Mitigation Fees and the final report. In accordance with the Art in Public Places Policy recently adopted, 2% of Impact Fee Program revenue will be placed in the Art Fund. That will represent the Impact Mitigation Fee contribution for art for all projects funded by impact fees.

Under Government Code 66000 et seq., a public hearing shall be held prior to adopting a resolution that would change the current development impact fees. Staff is also requesting City Council consideration of our recommendation to defer the time for payment of all impact fees to acceptance of the public improvements. Currently, some of the fees are collected at map filing, with the remainder at acceptance. This will require amendments to Title 15, Section 64 of the Lodi Municipal Code. Additionally, Title 15 recommended amendments establish automatic updates of the fees on January 1 of each year. The first automatic update will be January 1, 2002. Amendments to the code section are attached for your review. The resolution establishing the fees will include implementation dates which will generally be January 1, 2002.

FUNDING: None required.


Richard C. Prima, Jr.
Public Works Director

Prepared by F. Wally Sandelin, City Engineer
RCP/FWS/lm
attachments

cc: City Attorney Building Industry Association of the Delta Jeff Kirst Dennis Bennett Baumbach & Piazza Frontiers

APPROVED: _____


H. Dixon Flynn -- City Manager

TABLE 2.2 (See Note 1)
Summary of January 1, 2001 Development Impact Fees
All Services
(per acre)

Land Use Categories	Water	Sewer	Storm Drainage	Streets & Roads	Police	Fire	Parks & Rec	General	Total
<u>RESIDENTIAL</u>									
Low Density	\$ 3,918	\$ 501	\$ 11,276	\$ 7,874	\$ 1,540	\$ 1,505	\$ 19,329	\$ 6,221	\$ 52,165
Medium Density	\$ 7,679	\$ 983	\$ 11,276	\$ 15,434	\$ 2,727	\$ 2,950	\$ 27,640	\$ 8,897	\$ 77,585
High Density	\$ 13,673	\$ 1,750	\$ 11,276	\$ 24,017	\$ 7,271	\$ 6,502	\$ 54,120	\$ 17,420	\$ 136,029
<u>PLANNED RESIDENTIAL</u>									
Low Density	\$ 3,918	\$ 501	\$ 11,276	\$ 7,874	\$ 1,540	\$ 1,505	\$ 19,329	\$ 6,221	\$ 52,165
Medium Density	\$ 7,679	\$ 983	\$ 11,276	\$ 15,434	\$ 2,727	\$ 2,950	\$ 27,640	\$ 8,897	\$ 77,585
High Density	\$ 13,673	\$ 1,750	\$ 11,276	\$ 24,017	\$ 7,271	\$ 6,502	\$ 54,120	\$ 17,420	\$ 136,029
<u>COMMERCIAL</u>									
Retail Commercial	\$ 2,507	\$ 471	\$ 14,997	\$ 16,379	\$ 6,347	\$ 4,049	\$ 6,185	\$ 5,537	\$ 56,472
Office Commercial	\$ 2,507	\$ 471	\$ 14,997	\$ 25,749	\$ 5,730	\$ 3,703	\$ 10,438	\$ 9,519	\$ 73,114
<u>INDUSTRIAL</u>									
Light Industrial	\$ 1,019	\$ 211	\$ 14,997	\$ 15,749	\$ 462	\$ 963	\$ 4,446	\$ 3,982	\$ 41,828
Heavy Industrial	\$ 1,019	\$ 211	\$ 14,997	\$ 10,000	\$ 293	\$ 918	\$ 6,378	\$ 5,786	\$ 39,602

Note 1: Table 2.1, "Summary of June 30, 1999 Development Impact Fees All Services," has been updated based upon the construction cost indexes below.

ENR Adjustment

July 1999 ENR Cost Index	6076
January 2001 ENR Cost Index	6281

Title 15 BUILDINGS AND CONSTRUCTION
Chapter 15.64 DEVELOPMENT IMPACT MITIGATION FEES

15.64.040 Payment of fees.

A. The property owner of any development project causing impacts to public facilities shall pay the appropriate development mitigation fee as provided in this chapter. The amount shall be calculated in accordance with this chapter and the program fee per residential acre equivalent as established by council resolution.

B. When such payment is required by this chapter, no final subdivision map, building permit or grading permit shall be approved for property within the city unless the development impact mitigation fees for that property are paid or guaranteed as provided in this chapter.

C. The fees shall be paid before the approval of a final subdivision map, building permit or grading permit, whichever occurs first except as provided in subsection E of this section.

D. If a final subdivision map has been issued before the effective date of the ordinance codified in this chapter, then the fees shall be paid before the issuance of a building permit or grading permit, whichever comes first except as exempted under Section 15.64.110 of this chapter.

E. Where the development project includes the installation of public improvements, the payment of fees for ~~Police, Fire, Parks and Recreation and general city facilities and program administration established by this Chapter~~ may be deferred and shall be collected prior to acceptance of the public improvements by the city council. Payment of all deferred fees shall be guaranteed by the owner prior to deferral. Such guarantee shall consist of a surety bond, instrument of credit, cash or other guarantee approved by the city attorney. (Ord. 1526 § 2, 1991; Ord. 1518 § 1 (part), 1991)

15.64.050 Adoption of study, capital improvement program and fees.

A. The city council adopts the City of Lodi Development Fee Study dated August, 1991 and establishes a future capital improvement program consisting of projects shown in said study. The city council shall review that study annually, or more often if it deems it appropriate, and may amend it by resolution at its discretion.

B. The city council shall include in the city's annual capital improvement program appropriations from the development impact fee funds for appropriate projects.

C. Except for facilities approved by the public works director for construction by a property owner under Section 15.64.080 or as shown in the annual capital improvement program, all facilities shall be constructed in accordance with the schedule established in the development impact fee study.

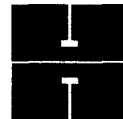
D. The program fee per residential area equivalent (RAE) shall be adopted by resolution and shall be updated annually, or more frequently if directed by the city council, by resolution after a noticed public hearing. ~~The annual update shall be based on a report by the public works director including the estimated cost of the public improvements, the continued need for those improvements, and the reasonable relationship between such need and the impacts of the various types of development pending or anticipated and for which this fee is charged. In the absence of substantial changes in the projects or unit prices, the change in project cost shall be estimated by the change in the Engineering News-Record 20-Cities Construction Cost Index, automatically adjusted annually on January 1. The annual adjustment shall change the program fee by the same percentage as the annual change in the Engineering News Record 20 Cities Construction Cost Index.~~(Ord. 1518 § 1 (part), 1991)



DEVELOPMENT IMPACT FEE UPDATE

AS OF JANUARY 1, 2001

Prepared By:



Harris & Associates

Program Managers
Construction Managers
Civil Engineers

CITY OF LODI

DEVELOPMENT IMPACT FEE UPDATE

TABLE OF CONTENTS (January 2001)

Section

1	INTRODUCTION.....	Page 1
2	SUMMARY OF UPDATED IMPACT FEES.....	Page 5
3	WATER SERVICE IMPACT FEES.....	Page 6
4	SEWER SERVICE IMPACT FEES.....	Page 8
5	STORM DRAINAGE IMPACT FEES.....	Page 10
6	STREETS AND ROADS IMPACT FEES.....	Page 12
7	POLICE FACILITIES IMPACT FEES.....	Page 14
8	FIRE FACILITIES IMPACT FEES.....	Page 16
9	PARKS AND RECREATION IMPACT FEES.....	Page 18
10	GENERAL CITY FACILITIES IMPACT FEES.....	Page 20
11	BY-PRODUCTS OF THE STUDY.....	Page 22

LIST OF EXHIBITS

Growth Forecast vs. Remaining Acreage for Development.....	Exhibit "A"
Summary of Development Impact Fees—All Services.....	Exhibit "B"
Water Projects Summary and Costs.....	Exhibit "C"
Summary of Development Impact Fees—Water.....	Exhibit "D"
Sewer Projects Summary and Costs.....	Exhibit "E"
Summary of Development Impact Fees—Sewer.....	Exhibit "F"
Summary of Development Impact Fees—Storm Drainage.....	Exhibit "H"

Streets/Road/Traffic Projects Summary and Costs.....	Exhibit “I”
Summary of Development Impact Fees – Streets/Roads/Traffic.....	Exhibit “J”
Police Facilities Projects Summary and Costs.....	Exhibit “K”
Summary of Development Impact Fees—Police Facilities.....	Exhibit “L”
Fire Facilities Projects Summary and Costs.....	Exhibit “M”
Summary of Development Impact Fees—Fire Facilities.....	Exhibit “N”
Parks and Recreation Projects Summary and Costs.....	Exhibit “O”
Summary of Development Impact Fees—Parks and Recreation.....	Exhibit “P”
General City Projects Summary and Costs.....	Exhibit “Q”
Summary of Development Impact Fees—General City.....	Exhibit “R”

SECTION 1

INTRODUCTION

Background

The City of Lodi adopted the "Final Study, City of Lodi Development Impact Fee Study," prepared by Nolte and Associates and Angus McDonald Associates, in 1991. See Table 1.1 for a summary of the 1991 impact fees. The "Nolte Study," as it will be referred to in this report, established development impact fees pursuant to the requirements of AB 1600 (Government Code Section 66000 et. sec.) as a means to provide a comprehensive financing plan for various public infrastructure and facilities required to implement the City's General Plan. In 1993, the impact fees were adjusted (Resolution No. 93-26). See Table 1.2 for a summary of the 1993 impact fees. Although the fees were adjusted in 1993, the project cost estimates have not been updated since 1991. The impact fees have not been revised since 1993.

Purpose of this Study

The objective of this study is to update the development impact fee program presented in the Nolte Study to January 1, 2001, based upon methodology explained later in this report. The fees collected have been and will be used to finance the design, construction and inspection of Streets and Roads, Water, Sewer, Storm Drainage, Parks and Recreation, Police, Fire, and General City Facilities. Fees are imposed in such a manner that new development bears its related, fair-share costs of providing adequate infrastructure for the City.

Planning Period

The Nolte Study of 1991 used a planning horizon of 20 years (April 1987 to 2007), which was/is consistent with the City's approved General Plan. For the purposes of this fee update, the planning horizon has not been changed. However, based upon lower than anticipated growth rates, plus minimal General Plan Amendments since 1991, the effective period of the General Plan and this fee program is beyond 2007.

Basis of Costs

The 1991 Nolte Study based projected capital expenditure costs on estimates obtained from contractors, suppliers and similar projects, utilizing 1990 dollars. This study updates costs for capital projects by using 1999 updated unit costs based upon bid tabs, related projects, recent construction cost estimates, the ENR construction index, and/or information provided by City staff. Project Detail Sheets contain information on each project including projects referenced in the Nolte and new projects identified by the City. The 1993 impact fee adjustment did not include any update of the project cost estimates. Therefore, this study updates project costs from the original 1991 Nolte Study, which utilized 1990 dollar cost estimates.

The primary basis of this report is based on project cost information through June 30, 1999. The project cost estimates are based on 1999 dollars and the fund balances in each infrastructure fund provided by the City are as of June 30, 1999. The impact fees have been updated with an ENR construction cost index to provide impact fees as of January 1, 2001, as described in Section 2, "Summary of Updated Fees".

Completed/Partially Completed Projects

As part of the fee update it was important to identify those projects referenced in the Nolte Study which have been completed or portions of projects completed utilizing development impact fees collected since 1991. In particular, projects partially completed and projects not yet started form the basis for the projected capital costs that become part of the formula/equation for determination of the updated development fees.

Development Forecast/Remaining Acreage for Development

The Nolte Study provided a forecast of the timing and rate at which the City was projected to develop. This information was consistent with the City's General Plan and Growth Management Ordinance. This information is necessary in order to calculate a valid development impact fee in that it serves two purposes:

- It provides the basis for determining when required infrastructure must be completed to maintain the standard level of service
- It assists in forecasting cash flow. Development in any one year determines the amount of impact fee dollars available to fund eligible projects.

This report updates the development forecast and shows the extent of development which has occurred by reflecting the amount of acreage (identified by each land use designation) remaining to be developed. This, in effect, represents a forecast of future development based upon current expectations. See Exhibit "A."

Residential Acre Equivalents

The common denominator used for applying development impact fees to property is Residential Acre Equivalents (RAE's) that would be developed within each land use designation for each category of public improvement. An RAE measures the amount of use/burden a particular land use places on a category of public improvements relative to the use/burden placed on those improvements by an acre of low density single family dwellings. This study utilizes the same RAE factors used in the Nolte Study (with the exception of the change in commercial categories adjusted in 1992), and these are shown on Exhibit "B".

Development Impact Fee Formula/Methodology

The philosophy of the City's development impact fee program is to annually adjust fees so that the program is a "pay-as-you-go" system. The cash (fund) balances in each of the fee categories (called IMF funds) is recorded and tracked separately. At the end of the program, the balance in each of the eight (8) IMF funds should be zero. Short term transfers or loans between funds may be required as long as the fund balance in the overall fund remains positive.

Development impact fees have been updated to reflect actual costs incurred, refinement in scope of projects, additions of projects and inflation. The formula used to determine the required fee needed to pay for these adjusted costs is calculated as follows:

Total project cost (proposed/remaining projects)
-Less IMF Fund Balance
=Remaining fees required

The new fee per RAE for each public improvement category is then determined by dividing the remaining fees required by the remaining RAE's within each land use category.

Existing Deficiencies

In accordance with AB 1600, projects earmarked to correct existing deficiencies in any infrastructure system or facility are not eligible for use of development impact fees. Therefore, such projects are not included in this study.

AB 1600 Requirements & Findings

AB 1600 Findings must be made with respect to the projects included in the fee update and a determination has to be made that there is a reasonable relationship between the requirement for the projects and the development as well as the amount and use of the fees.

Those projects included in the Nolte Study which have either not been initiated or are partially complete have met the requirements of AB 1600 via inclusion of appropriate findings in that report. AB 1600 requires that the City make findings with regard to any unexpended or uncommitted fees held five or more years after deposit. Projects that have been added since that date, and projects that have been substantially modified, have been reviewed with City staff prior to inclusion in this report to determine compliance with AB 1600. This evaluation has disclosed the following findings:

- There is a reasonable relationship between the requirement for the particular infrastructure impact fee and the new development proposed in the City. The required fee is necessary to provide facilities to serve the residential and commercial development in accordance with the City's General Plan.
- The fees collected are used to acquire land and to design, manage and construct improvements to serve property in the City attributed to new (not existing) development.
- All development creates demand on the City system of infrastructure. The type of development proposed in the City (primarily low-density residential, commercial and industrial) creates the need for types of infrastructure envisioned in this study. Therefore, fees are collected to acquire land and to design, manage and construct these facilities to accommodate the growth without negative impact on existing uses.
- There is a reasonable relationship between the need for the proposed infrastructure and the type of development. Increases in the growth of residential, commercial and industrial land uses increases the need for more or expanded infrastructure/facilities. Thus, the establishment of fees to pay for the increased infrastructure capacity related to new development.
- There exists a reasonable relationship between the amount of the fee and the cost of the proposed new infrastructure projects. See the above-referenced formula for

updating the fees. The amount of the fees for each type of infrastructure is adjusted, and should be adjusted annually, until all infrastructure required is built. When these are completed, the fund balance(s) will be zero.

TABLE 1.1
SUMMARY OF 1991 DEVELOPMENT IMPACT FEES
ALL SERVICES
(PER ACRE)

Land Use Categories	Water	Sewer	Storm Drainage	Streets & Roads	Police	Fire	Parks & Rec	General	Total
<u>RESIDENTIAL</u>									
Low Density	\$ 5,710	\$ 1,090	\$ 7,910	\$ 5,470	\$ 1,110	\$ 520	\$ 11,980	\$ 6,380	\$ 40,170
Medium Density	\$ 11,190	\$ 2,140	\$ 7,910	\$ 10,720	\$ 1,960	\$ 1,020	\$ 17,130	\$ 9,120	\$ 61,190
High Density	\$ 19,930	\$ 3,800	\$ 7,910	\$ 16,680	\$ 5,240	\$ 2,250	\$ 33,540	\$17,860	\$107,210
East Side Residential	\$ 5,710	\$ 1,090	\$ 7,910	\$ 5,470	\$ 1,210	\$ 570	\$ 13,180	\$ 7,020	\$ 42,160
<u>PLANNED RESIDENTIAL</u>									
Low Density	\$ 5,710	\$ 1,090	\$ 7,910	\$ 5,470	\$ 1,110	\$ 520	\$ 11,980	\$ 6,380	\$ 40,170
Medium Density	\$ 11,190	\$ 2,140	\$ 7,910	\$ 10,720	\$ 1,960	\$ 1,020	\$ 17,130	\$ 9,120	\$ 61,190
High Density	\$ 19,930	\$ 3,800	\$ 7,910	\$ 16,680	\$ 5,240	\$ 2,250	\$ 33,540	\$17,860	\$107,210
<u>COMMERCIAL</u>									
Neighborhood Commercial	\$ 3,650	\$ 1,020	\$ 10,520	\$ 10,390	\$ 4,750	\$ 1,440	\$ 3,830	\$ 5,680	\$ 41,280
General Commercial	\$ 3,650	\$ 1,020	\$ 10,520	\$ 20,900	\$ 2,870	\$ 1,000	\$ 3,830	\$ 5,680	\$ 49,470
Downtown Commercial	\$ 3,650	\$ 1,020	\$ 10,520	\$ 10,390	\$ 4,750	\$ 1,440	\$ 3,830	\$ 5,680	\$ 41,280
Office Commercial	\$ 3,650	\$ 1,020	\$ 10,520	\$ 17,890	\$ 4,130	\$ 1,280	\$ 6,470	\$ 9,760	\$ 54,720
<u>INDUSTRIAL</u>									
Light Industrial	\$ 1,480	\$ 460	\$ 10,520	\$ 10,940	\$ 330	\$ 330	\$ 2,760	\$ 4,080	\$ 30,900
Heavy Industrial	\$ 1,480	\$ 460	\$ 10,520	\$ 6,950	\$ 210	\$ 320	\$ 3,950	\$ 5,930	\$ 29,820

Source: Nolte & Associates and Angus McDonald & Associates

TABLE 1.2
SUMMARY OF 1993 DEVELOPMENT IMPACT FEES
ALL SERVICES
(PER ACRE)

Land Use Categories	Water	Sewer	Storm Drainage	Streets & Roads	Police	Fire	Parks & Rec	General	Total
<u>RESIDENTIAL</u>									
Low Density	\$ 5,690	\$ 1,060	\$ 7,630	\$ 5,440	\$ 1,130	\$ 540	\$ 11,830	\$ 6,830	\$ 40,150
Medium Density	\$ 11,150	\$ 2,080	\$ 7,630	\$ 10,660	\$ 2,000	\$ 1,060	\$ 16,920	\$ 9,770	\$ 61,270
High Density	\$ 19,860	\$ 3,700	\$ 7,630	\$ 16,590	\$ 5,330	\$ 2,330	\$ 33,120	\$ 19,120	\$ 107,680
East Side Residential	\$ 5,690	\$ 1,060	\$ 7,630	\$ 5,440	\$ 1,230	\$ 590	\$ 13,010	\$ 7,510	\$ 42,160
<u>PLANNED RESIDENTIAL</u>									
Low Density	\$ 5,690	\$ 1,060	\$ 7,630	\$ 5,440	\$ 1,130	\$ 540	\$ 11,830	\$ 6,830	\$ 40,150
Medium Density	\$ 11,150	\$ 2,080	\$ 7,630	\$ 10,660	\$ 2,000	\$ 1,060	\$ 16,920	\$ 9,770	\$ 61,270
High Density	\$ 19,860	\$ 3,700	\$ 7,630	\$ 16,590	\$ 5,330	\$ 2,330	\$ 33,120	\$ 19,120	\$ 107,680
<u>COMMERCIAL</u>									
Retail Commercial	\$ 3,640	\$ 1,000	\$ 10,150	\$ 11,320	\$ 4,660	\$ 1,450	\$ 3,790	\$ 6,080	\$ 42,090
Office Commercial	\$ 3,640	\$ 1,000	\$ 10,150	\$ 17,790	\$ 4,200	\$ 1,330	\$ 6,390	\$ 10,450	\$ 54,950
<u>INDUSTRIAL</u>									
Light Industrial	\$ 1,480	\$ 450	\$ 10,150	\$ 10,880	\$ 340	\$ 350	\$ 2,720	\$ 4,370	\$ 30,740
Heavy Industrial	\$ 1,480	\$ 450	\$ 10,150	\$ 6,910	\$ 210	\$ 330	\$ 3,900	\$ 6,350	\$ 29,780

Source: LMC Chapter 15.64 and Resolution 93-26

SECTION 2

SUMMARY OF UPDATED FEES

The summary of updated development impact fees is shown in Table 2.1 (for June 30, 1999 fees) and Table 2.2 (for January 1, 2001 fees). Exhibit "B," entitled "Summary of Development Impact Fees/All Services/June 30, 1999" provides more detail. Table 2.1 and Exhibit "B" delineate the updated fees for June 30, 1999 for each of the eight (8) improvement categories as well as for each land use designation. In addition, a "total fee" is shown for each land use designation. The methodology used is described in Section 1 and the calculations for fees for each of the improvement categories are reflected in Sections 3 through 10 of this report.

Table 2.2, "Summary of January 1, 2001 Development Impact Fees" are the current impact fees being adopted. They are based on an ENR Construction Index adjustment to Table 2.1, "Summary of June 30, 1999 Development Impact Fees". The ENR factors used are 6076 for June 30, 1999 and 6281 for January 1, 2001, an increase of approximately 3.4% from June 1999 to January 2001.

Using low density residential land use as the baseline with a RAE of 1.00, the fees have increased from \$40,150 per acre to \$52,180 per acre. This is an increase of 30%. It should be noted that the ENR Construction Cost Index has increased about 34% from June 1990 to January 2001. See Tables 1.1, 1.2, 2.1 and 2.2 for a detailed comparison of the initial development impact fees and the updated fees. Assuming a density of 5 units per acre, the fee equates to \$10,436 per single family low density unit. Other increases applicable to the different land use categories vary based upon their particular RAE factor and/or estimated project cost. While this appears to be a substantial increase in development fees, it should be kept in mind that, with the exception of a very minor increase in 1993, annual adjustments have not been made over time. This fee update essentially covers a period of nine (9) fiscal years from FY91-92 to FY99-00, and incorporates appropriate inflation of costs over that time frame.

Sections 3 through 10 of this study address the individual categories of impact fees, reflect those updated costs and phasing for projects, and provide the methodology and calculations for arriving at updated fees.

TABLE 2.1
SUMMARY OF June 30, 1999 DEVELOPMENT IMPACT FEES
ALL SERVICES
(PER ACRE)

Land Use Categories	Water	Sewer	Storm Drainage	Streets & Roads	Police	Fire	Parks & Rec	General	Total
RESIDENTIAL									
Low Density	\$3,790	\$499	\$10,908	\$7,617	\$1,490	\$1,456	\$18,698	\$6,018	\$ 50,477
Medium Density	\$7,428	\$978	\$10,908	\$14,930	\$2,638	\$2,854	\$26,738	\$8,606	\$ 75,080
High Density	\$13,227	\$1,742	\$10,908	\$23,233	\$7,033	\$6,290	\$52,354	\$16,851	\$ 131,639
PLANNED RESIDENTIAL									
Low Density	\$3,790	\$499	\$10,908	\$7,617	\$1,490	\$1,456	\$18,698	\$6,018	\$ 50,477
Medium Density	\$7,428	\$978	\$10,908	\$14,930	\$2,638	\$2,854	\$26,738	\$8,606	\$ 75,080
High Density	\$13,227	\$1,742	\$10,908	\$23,233	\$7,033	\$6,290	\$52,354	\$16,851	\$ 131,639
COMMERCIAL									
Retail Commercial	\$2,425	\$469	\$14,508	\$15,844	\$6,139	\$3,917	\$5,983	\$5,356	\$ 54,642
Office Commercial	\$2,425	\$469	\$14,508	\$24,909	\$5,543	\$3,582	\$10,097	\$9,208	\$ 70,741
INDUSTRIAL									
Light Industrial	\$985	\$210	\$14,508	\$15,235	\$447	\$932	\$4,301	\$3,852	\$ 40,469
Heavy Industrial	\$985	\$210	\$14,508	\$9,674	\$283	\$888	\$6,170	\$5,597	\$ 38,315

TABLE 2.2 (See Note 1)
Summary of January 1, 2001 Development Impact Fees
All Services
(per acre)

Land Use Categories	Water	Sewer	Storm Drainage	Streets & Roads	Police	Fire	Parks & Rec	General	Total
RESIDENTIAL									
Low Density	\$ 3,918	\$ 516	\$ 11,276	\$ 7,874	\$ 1,540	\$ 1,505	\$ 19,329	\$ 6,221	\$ 52,180
Medium Density	\$ 7,679	\$ 1,011	\$ 11,276	\$ 15,434	\$ 2,727	\$ 2,950	\$ 27,640	\$ 8,897	\$ 77,613
High Density	\$ 13,673	\$ 1,801	\$ 11,276	\$ 24,017	\$ 7,271	\$ 6,502	\$ 54,120	\$ 17,420	\$ 136,080
PLANNED RESIDENTIAL									
Low Density	\$ 3,918	\$ 516	\$ 11,276	\$ 7,874	\$ 1,540	\$ 1,505	\$ 19,329	\$ 6,221	\$ 52,180
Medium Density	\$ 7,679	\$ 1,011	\$ 11,276	\$ 15,434	\$ 2,727	\$ 2,950	\$ 27,640	\$ 8,897	\$ 77,613
High Density	\$ 13,673	\$ 1,801	\$ 11,276	\$ 24,017	\$ 7,271	\$ 6,502	\$ 54,120	\$ 17,420	\$ 136,080
COMMERCIAL									
Retail Commercial	\$ 2,507	\$ 485	\$ 14,997	\$ 16,379	\$ 6,347	\$ 4,049	\$ 6,185	\$ 5,537	\$ 56,486
Office Commercial	\$ 2,507	\$ 485	\$ 14,997	\$ 25,749	\$ 5,730	\$ 3,703	\$ 10,438	\$ 9,519	\$ 73,128
INDUSTRIAL									
Light Industrial	\$ 1,019	\$ 217	\$ 14,997	\$ 15,749	\$ 462	\$ 963	\$ 4,446	\$ 3,982	\$ 41,834
Heavy Industrial	\$ 1,019	\$ 217	\$ 14,997	\$ 10,000	\$ 293	\$ 918	\$ 6,378	\$ 5,786	\$ 39,608

Note 1: Table 2.1, "Summary of June 30, 1999 Development Impact Fees All Services," has been updated based upon the construction cost indexes below.

ENR Adjustment

July 1999 ENR Cost Index	6076
January 2001 ENR Cost Index	6281

SECTION 3

WATER SERVICE

Overview

Water service to Lodi residents is provided by the City. Major components of the water system include wells, distribution pipes, and water storage tanks. The following section describes the City's water policies as they relate to development impact fees, the methodology for calculating the updated fee, phasing and costs for water facilities to be funded by impact fees and the recommended fees for each land use (by land use designation) benefiting from the water projects.

Water Policies

The City's "Water Main Extension Policy" provides that applicants are reimbursed a portion of the construction cost of oversized mains and major crossings. For oversized mains, this policy applies to water mains larger than 8 inches in diameter. However, for major crossings, the City reimburses one half the cost of construction. Major crossings are identified in Ordinance 1527.

Included in the cost calculations for the Nolte Study and this fee update are costs associated with "New Development Share of Existing Facilities". In the case of Water Facilities, future development is responsible for a residual share of 20 percent of the 1999 adjusted cost for the elevated storage tank project. The resulting dollar amount of construction cost is allocated to future development and becomes part of the total project costs upon which updated fees are based.

Project Summaries and Estimated Costs

Exhibit "C" is a summary of the water projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, or the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Water Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all water facility improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All water projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use

of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to the demand created by one acre of a single family detached residential unit. The RAE schedule presents the relationship between the level of service provided by the facilities, the demand for facilities by land use type and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all water projects is estimated to be \$7,845,702. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$7,845,702
Less Fund Balance*	<u>(1,489,835)</u>
Remaining Water Fees Required	\$6,355,867

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

$$\text{Water Fee} = \frac{\text{Land Use RAE Factor (by land use)} \times \text{Remaining Water Fees Required}}{\text{(by land use) Cumulative Sum of Each Land Use Acreage} \times \text{Each RAE Factor}}$$

Recommended Fee Update

A summary of the updated water fees for each land use designation benefiting from the projects is provided in Exhibit "D."

SECTION 4

SEWER SERVICE

Overview

The City of Lodi provides sewerage service to its residents. Facilities owned and operated by the City include a city-wide collection system, sewer trunks to the treatment plant and the White Slough Water Pollution Control Facility.

Sewer Reimbursement Policy

Developers typically are required to construct sewer lines with greater capacity than required for their particular projects in order to provide service to expanding areas of the City. Since it is unlikely that the City would require payment in advance of sewer capacity, the City usually pays for the oversizing of sewer trunks. The City's Sewer Trunk Extension Policy provides that applicants are reimbursed for a portion of the oversizing costs. Reimbursement under this policy applies to trunk sewers larger than 10 inches in diameter. Reimbursable costs include construction, materials, engineering and administration.

Project Summaries and Estimated Costs

Exhibit "E" is a summary of the sewer projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, or the ENR construction index, which have been reviewed and approved by City staff. Separate supplemental fees are collected for projects related to the Cluff Avenue Lift Station Service Area, the Harney Lane Lift Station Service Area and the Kettleman Lane Lift Station Service Area. They are not subjects of this study and do not appear in Exhibit E. The City also collects a wastewater capacity fee with building permits. This fee is based on estimated wastewater generation for various land use types and is used to fund added treatment capacity. This fee is not included in this study.

Relationship of Sewer Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all sewer facility improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All sewer projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to the

demand of a single family detached residential unit. The RAE schedule shows a reasonable relationship between the cost of the required sewer projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all sewer projects is estimated to be \$872,000. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$872,000
Less Fund Balance*	<u>+11,152 (negative balance)</u>
Remaining Sewer Fees Required	\$883,152

*Negative Fund Balance provided by the City's Finance Department.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

$$\text{Sewer Fee (by land use)} = \frac{\text{Land Use RAE Factor (by land use)}}{\text{Cumulative Sum of Each Land Use Acreage}} \times \frac{\text{Remaining Sewer Fees Required}}{\text{Each RAE Factor}}$$

Recommended Fee Update

A summary of the updated sewer impact fees for each land use designation is included in Exhibit "F."

SECTION 5

STORM DRAINAGE

Overview

Storm drainage services are provided by the City. Facilities in the system include the collection system, runoff storage/detention facilities and pumping plants. Terminal drainage is provided by the Mokelumne River and the Woodbridge Irrigation District (WID) Canal.

Project Summaries and Estimated Costs

Exhibit "G" is a summary of the storm drainage projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, or the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Storm Drainage Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all storm drainage facility improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All storm drainage projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

Included in the cost calculations for this fee update are costs associated with "New Development Share of Existing Facilities." In the case of Storm Drainage Facilities, future development is responsible for a residual share of 65 percent of the 1991 Reimbursement Agreement for the G-basin land costs. The resulting dollar amount of land cost is allocated to future development and becomes part of the total project costs upon which updated fees are based.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required storm drainage projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all storm drainage projects is estimated to be \$17,716,100. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$17,716,100
Less Fund Balance*	<u>(1,331,113)</u>
Remaining Storm Drain Fees Required	\$16,384,987

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

Storm Drainage Fee = $\frac{\text{Land Use RAE Factor (by land use)} \times \text{Remaining Sewer Fees Required}}{\text{(by land use) Cumulative Sum of Each Land Use Acreage} \times \text{Each RAE Factor}}$

Recommended Fee Update

Exhibit "H" provides a summary of the updated Storm Drainage impact fee.

SECTION 6

STREETS AND ROADS

Overview

Development and growth will expand the City and generate additional traffic. As a consequence, new streets will be required and existing streets will need to be improved. To the extent possible, the City's philosophy is that new development must shoulder the responsibility to provide streets and roads to adequately serve their projects or improve existing roads to improve or expand capacity resulting from the development.

Developer Obligation for Improvements

Developers are required to dedicate right of way and build streets to serve their projects in accordance with City engineering and design standards. In cases where development occurs on one side of a major collector street, the developer is typically required to construct one half of the street. In cases where development occurs along a street having a greater designated capacity than a major collector, the development impact fee fund and/or other funds are used to construct the more extensive improvements.

Street, Road and Freeway Improvements

The listing of proposed street and road improvement projects included in the development impact fee program is shown in Exhibit "I". In addition, costs for new or modified traffic signal facilities, which are to be paid with impact fee funds, are included. At locations where minimum Caltrans signal warrants have already been met, 50 percent of the facility cost is allocated to the impact fee fund. Work on freeway interchanges for Kettleman Lane/SR 99 and Turner Road/SR 99 and associated realignment of Beckman Road will be funded partially by Measure K Funds. As mentioned in the Nolte Study, it is assumed that 30 percent of the interchange costs will come from sources other than the development impact fee program.

Project Summaries and Estimated Costs

Exhibit "I" is a summary of the streets and roads projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, and the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Streets and Roads Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all streets and road improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All streets

and roads projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required streets and road projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all street and road facility projects is estimated to be \$19,210,500. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$19,210,500
Less Fund Balance*	<u>(1,937,111)**</u>
Remaining Streets Fees Required	\$17,273,389

*Fund Balance includes earned interest.

**This is a combination of Streets-Local and Streets-Regional Funds.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

Streets Fee = $\frac{\text{Land Use RAE Factor (by land use)}}{\text{Cumulative Sum of Each Land Use Acreage} \times \text{Each RAE Factor}} \times \text{Remaining Streets Fees Required}$

Recommended Fee Update

The Streets and Roads Facilities Impact Fee is shown on Exhibit "J."

SECTION 7

POLICE

Overview

Police facilities to serve the build-out of the General Plan have been identified by the City staff and Police Department. Specific locations and alternatives such as renovation and expansion are being considered. Major new police facility expansions planned by the City but costs included in this program are prorated based upon the service demands of the current General Plan to the Year 2007.

Project Summaries and Estimated Costs

Exhibit "K" is a summary of the police facilities projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, and the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Police Facilities Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all police facility improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All police facility projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required police facility projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all police facility projects is estimated to be \$3,643,000. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$3,643,000
Less Fund Balance*	<u>(184,223)</u>
Remaining Police Fees Required	\$3,458,777

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

$$\text{Police Fee} = \frac{\text{Land Use RAE Factor (by land use)}}{\text{Cumulative Sum of Each Land Use Acreage x Each RAE Factor}} \times \text{Remaining Police Fees Required (by land use)}$$

Recommended Fee Update

The updated fees for funding police facilities improvements are shown on Exhibit "L."

SECTION 8

FIRE

Overview

As identified in the Nolte Study, virtually no major deficiencies exist in current Fire Department facilities. Therefore, proposed projects have a direct relationship to growth/development in the community. As a result of this situation, fees are based solely on costs for new capital expenditures. Fire facilities to serve the build-out of the General Plan were identified in the Fire Station Master Plan and by City staff during the preparation of this report.

Project Summaries and Estimated Costs

Exhibit "M" is a summary of the fire facilities projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, or the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Fire Facilities Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all fire facilities improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All fire facilities projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required fire facilities projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all fire facility projects is estimated to be \$3,479,000. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$3,479,000
Less Fund Balance*	<u>(244,230)</u>
Remaining Fire Fees Required	\$3,234,770

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

$$\text{Fire Fee} = \frac{\text{Land Use RAE Factor (by land use)} \times \text{Remaining Fire Fees Required}}{\text{(by land use) Cumulative Sum of Each Land Use Acreage} \times \text{Each RAE Factor}}$$

Recommended Fee Update

The updated fees for funding fire facilities improvements are shown on Exhibit "N."

SECTION 9

PARKS AND RECREATION

Overview

The City has adopted standards of 3.4 acres of parks per 1,000 persons served and 1,800 square feet of community center space per 1,000 persons served. Projects proposed vary somewhat from those listed in the Nolte Study and are consistent with the projects identified in the "City of Lodi Park, Recreation and Open Space Plan," adopted by the City Council in January, 1994. Projects listed for completion are those directly attributed to new growth.

Project Summaries and Estimated Costs

Exhibit "O" is a summary of the park and recreation facilities projects and estimated costs for which updated fees are established. As mentioned earlier, estimated costs are based upon suggested unit costs, or the ENR construction index, which have been reviewed and approved by City staff.

Relationship of Parks/Recreation Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all parks and recreation improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All parks and recreation projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required parks and recreation projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all parks and recreation facility projects is estimated to be \$30,001,400. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$30,001,400
Less Fund Balance*	<u>(2,689,778)</u>
Remaining Park/Rec Fees Required	\$27,311,62

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

$$\text{Park/Rec Fee (by land use)} = \frac{\text{Land Use RAE Factor (by land use)}}{\text{Cumulative Sum of Each Land Use Acreage x Each RAE Factor}} \times \text{Remaining Park/Rec Fees Required}$$

Recommended Fee Update

The updated fees for park and recreation facilities/improvements are shown on Exhibit "P."

SECTION 10

GENERAL CITY FACILITIES

Overview

The method used to determine the appropriate impact fees for General City Facilities has been based upon the number of full-time equivalent employees per 1,000 population and a building space standard presented in the Nolte Study. These standards are applied to the amount and type of growth and development that is forecast. The resulting demand for new building space and other capital facilities to serve the demand has been completed as the General City Facilities capital expenditure program.

Project Summaries and Estimated Costs

A summary of the projects and costs funded by this portion of the impact fee program is provided in Exhibit "Q."

Relationship of General City Facilities Projects to New Development and Land Uses

A reasonable relationship must be established between 1) the fee's use and 2) the type of development on which the fee is imposed. To establish such a relationship, it must be shown that the type of development to be charged the fee actually uses, is served by or benefits from the public improvements financed by the fee revenue.

The City ensures that all general city facilities improvements will primarily benefit the residential, commercial and industrial land uses within the General Plan Area. All general city projects to be financed from impact fees will provide the same level of service to the General Plan Area as currently provided to the existing community.

On the basis that all land uses will benefit from the facilities to be constructed, the burden of financing will be distributed to each land use in proportion to their use of, or benefit from the improvements. The methodology to accomplish this is through the use of a Residential Acre Equivalent (RAE). The RAE schedule reflects the relative responsibility to pay for improvements for each land use designation in relation to single family detached residential designation. The RAE schedule shows a reasonable relationship between the cost of the required general city facilities projects and the financing burden placed on each land use.

Method of Cost Allocation/Fee Determination

As of June 30, 1999, the total cost of all general city facility projects is estimated to be \$11,767,000. Therefore, the calculation of the updated fee is determined as follows:

Total project costs	\$11,767,000
Less Fund Balance*	<u>(1,346,422)</u>
Remaining Gen. City Fees Required	\$10,420,578

*Fund Balance includes earned interest.

The remaining fees required must be collected from the remaining residential, commercial and industrial RAE's. Therefore, the new fee for each land use is calculated as follows:

Gen. City Fee = $\frac{\text{Land Use RAE Factor (by and use)}}{\text{Cumulative Sum of Each Land Use Acreage x Each RAE Factor}}$ x Remaining Gen. City Fees Required (by land use)

Recommended Fee Update

The updated fees for general city facilities/improvements are shown on Exhibit "R".

SECTION 11

BY-PRODUCTS OF THE STUDY

Completion of this report provides the City of Lodi with several important by-products that can be used as valuable tools by both the Public Works and Finance Departments in administering the development impact fee program. They are as follows:

- **Revenue and Expenditure Summary/Reconciliation:** As part of this study, Harris & Associates prepared a summary of revenues and expenditures for FY1998-99. As a part of that effort, and to determine sunk costs of projects and the costs of future or remaining projects, a reconciliation of Public Works records and Finance records was conducted on all projects. This reconciliation led to the use of the Finance Department's records for determining the Fund Balances in the eight (8) IMF Funds. Information was obtained which can also be used to more efficiently record and track revenues and expenditures in the future.
- **Project Detail Sheets:** These are new sheets which record all known information about all of the various impact fee projects, whether they be completed, partially-completed or future projects. To date, the City has not used such a device, and as a result, it has at times been difficult to identify and track the progress/cost of projects as they progress through the Public Works Department and as expenditures are recorded in the Finance Department. The following information is provided on each Project Detail Sheet:
 - **Project Identification Number:** This number correlates with the project number assigned by the Nolte Study, and a new project carries the number assigned by the Public Works Department.
 - **Project Description:** Each project contains a description of the work to be done, which can be changed as circumstance warrants.
 - **Project Status:** Space is provided to input the status of projects. Status comments can be amended as projects progress, are completed, are amended or are eliminated.
 - **Columns are provided for project costs, including design, construction, contingency, etc., and costs can be placed in the appropriate fiscal year(s).**
 - **Columns are also provided for designating the appropriated funding sources for the projects. For example, the IMF fund can be identified along with developer share, or other funding source.**
- **Updated Cost Estimates:** As directed by City staff, each project identified on the Project Detail Sheets contains the estimated unit cost/suggested cost estimate or an ENR construction index updated estimate. In addition, a detailed backup sheet is provided to show the basis for the unit cost/cost estimate.
- **Project Management File System:** In conducting this study, it was noted that the City has not been using any form of Project Detail Sheet, project files or a project management system. Harris has provided a suggested method for maintaining project files on each of the impact fee projects. The system recommends that each file contain the Project Detail Sheet along with other appropriate construction/financial event information. In addition, a separate "booklet" of the

Project Detail Sheets is suggested to be kept for quick reference. Filing may be kept by IMF category, which can then be sub-categorized by project number or other project identifier.

- **Project Identifiers:** It was noted that the City does not use a project identifier, or "project number," as various projects go on line. The project number has been identified in the Nolte Study, however, no further reference is seen. This made research on the status of these projects more difficult, particularly when expenditures against the project were recorded in Public Works and Finance Department records. Tracking of the projects in the financial records was especially difficult. It is highly recommended that any transaction routinely identify the project by project number to avoid this situation. A project identifier/project numbering system should also be considered for use in all other CIP projects.

EXHIBITS A - R

EXHIBIT "A"

CITY OF LODI

GROWTH FORECAST VS. REMAINING ACREAGE FOR DEVELOPMENT

Land Use Designations	Units	Growth Forecast (1)	Current Acreage Undeveloped (2,3)
<u>RESIDENTIAL</u>			
Low Density	Acres	17	147
Medium Density	Acres	7	23
High Density	Acres	5	57
Eastside Residential	Acres	1	0
<u>PLANNED RESIDENTIAL</u>			
PR-Low Density	Acres	973	422
PR-Medium Density	Acres	62	65
PR-High Density	Acres	78	163
Total Residential		1,143	877
<u>COMMERCIAL</u>			
Retail Commercial	Acres		73
Office Commercial	Acres	153	47
Total Commercial		153	120
<u>INDUSTRIAL</u>			
Light Industrial	Acres	435	144
Heavy Industrial	Acres	175	206
Total Industrial		610	350
Total Growth Forecast Acreage		1,906	
Total Remaining Vacant Acreage			1,347

Notes: (1) Growth Forecast through FY 2006/2007 based upon approved "Development Impact Fee Report," prepared by Nolte and Associates and Angus McDonald and Associates, 1991.
 (2) Undeveloped Acreage information provided by City of Lodi Community Development Department.
 (3) Industrial properties include those within current City General Plan Boundary.

EXHIBIT "B"
SUMMARY OF DEVELOPMENT IMPACT FEES
ALL SERVICES
(June 30, 1999)

Land Use Categories	Total Acres	Total Fees	Water		Sewer		Storm Drainage		Streets & Roads		Police		Fire		Parks and Recreation		General City Facilities	
			RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee	RAE(1)	Fee
RESIDENTIAL																		
Low Density	147	\$50,477	1.00	\$3,790	1.00	\$499	1.00	\$10,908	1.00	\$7,617	1.00	\$1,490	1.00	\$1,456	1.00	\$18,698	1.00	\$6,018
Medium Density	23	\$75,080	1.96	\$7,428	1.96	\$978	1.00	\$10,908	1.96	\$14,930	1.77	\$2,638	1.96	\$2,854	1.43	\$26,738	1.43	\$8,606
High Density	57	\$131,639	3.49	\$13,227	3.49	\$1,742	1.00	\$10,908	3.05	\$23,233	4.72	\$7,033	4.32	\$6,290	2.80	\$52,354	2.80	\$16,851
PLANNED RESIDENTIAL																		
Low Density	422	\$50,477	1.00	\$3,790	1.00	\$499	1.00	\$10,908	1.00	\$7,617	1.00	\$1,490	1.00	\$1,456	1.00	\$18,698	1.00	\$6,018
Medium Density	65	\$75,080	1.96	\$7,428	1.96	\$978	1.00	\$10,908	1.96	\$14,930	1.77	\$2,638	1.96	\$2,854	1.43	\$26,738	1.43	\$8,606
High Density	163	\$131,639	3.49	\$13,227	3.49	\$1,742	1.00	\$10,908	3.05	\$23,233	4.72	\$7,033	4.32	\$6,290	2.80	\$52,354	2.80	\$16,851
COMMERCIAL																		
Retail Commercial	73	\$54,642	0.64	\$2,425	0.94	\$469	1.33	\$14,508	2.08	\$15,844	4.12	\$6,139	2.69	\$3,917	0.32	\$5,983	0.89	\$5,356
Office Commercial	47	\$70,741	0.64	\$2,425	0.94	\$469	1.33	\$14,508	3.27	\$24,909	3.72	\$5,543	2.46	\$3,582	0.54	\$10,097	1.53	\$9,208
INDUSTRIAL																		
Light Industrial	144	\$40,469	0.26	\$985	0.42	\$210	1.33	\$14,508	2.00	\$15,235	0.30	\$447	0.64	\$932	0.23	\$4,301	0.64	\$3,852
Heavy Industrial	206	\$38,315	0.26	\$985	0.42	\$210	1.33	\$14,508	1.27	\$9,674	0.19	\$283	0.61	\$888	0.33	\$6,170	0.93	\$5,597

Source: Harris & Associates

NOTES:

(1) Residential Acre Equivalents

Project Cost Estimates by Fund Source (less Fund Balance and Existing Deficiencies):

Remaining Fees Required:

Water	\$6,355,867
Sewer	\$883,152
Storm Drainage	\$16,384,987
Streets & Roads	\$17,273,389
Police	\$3,458,777
Fire	\$3,234,770
Parks & Rec	\$27,311,622
General City Fac.	\$10,420,578

EXHIBIT "C" (PAGE 1 OF 2)

Water Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Remaining Costs</u> <u>Suggested</u>
MWSI 001	Turner Road Water System	Open	\$ 26,700
MWSI 002	Lodi Avenue Extension Water System	Open	\$ 15,600
MWSI 003	Cluff Avenue Extension Water System	Partially Completed	\$ 62,400
MWSI 004	Guild Avenue Water System	Partially Completed	\$ 35,100
MWSI 005	Central California Traction Water System	Partially Completed	\$ 78,000
MWSI 006	Industrial Way Water System	Completed	\$ -
MWSI 007	Industrial Way Water System	Completed	\$ -
MWSI 008	Beckman Road Water System	Completed	\$ -
MWSI 009	Cluff Avenue Water System	Open	\$ 33,800
MWSI 010	Kettleman Lane Water System	Partially Completed	\$ 80,600
MWSI 011	Turner Road Water System	Completed	\$ -
MWSI 012	Applewood Drive Water System	Completed	\$ -
MWSI 013	Lower Sacramento Road Water System	Open	\$ 60,800
MWSI 014	Applewood Drive Water System	Open	\$ 175,900
MWSI 015	Evergreen Drive Water System	Completed	\$ -
MWSI 016	Lodi Avenue Water System	Open	\$ 33,800
MWSI 017	Vine Street Water System	Open	\$ 29,300
MWSI 018	Kettleman Lane Water System	Partially Completed	\$ 37,100
MWSI 019	Lower Sacramento Road Water System	Partially Completed	\$ 58,500
MWSI 020	Mills Avenue Water System	Completed	\$ -
MWSI 021	Century Boulevard Water System	Open	\$ 16,900
MWSI 022	Century Boulevard Water System	Open	\$ 35,900
MWSI 023	PUE North of Harney Lane Water System	Open	\$ 84,500
MWSI 024	Harney Lane Water System	Partially Completed	\$ 110,500
MWSI 025	Century Boulevard Water System	Completed	\$ -
MWSI 026	Harney Lane/Cherokee Lane Water System	Partially Completed	\$ 93,600
MWWI 001	Water Well "A" (Well 26)	Open	\$ 400,000
MWWI 002	Water Well "B"	Open	\$ 400,000
MWWI 003	Water Well "C"	Open	\$ 500,000
MWWI 004	Water Well "D"	Open	\$ 400,000
MWWI 005	Water Well "E"	Open	\$ 400,000
MWWI 006	Water Well "F"	Open	\$ 500,000
MWWI 007	Water Well "G" (Well 25)	Completed	\$ -
MWWI 008	Water Well "H"	Open	\$ 500,000

EXHIBIT "C" (PAGE 2 OF 2)

Water Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Remaining Costs</u>	
			<u>Suggested</u>	
MWWI 009	Water Well "I"	Open	\$	500,000
MWWI 010	Water Well "J"	Open	\$	400,000
MWWI 011	Water Well "K"	Open	\$	400,000
MWWI 012	Water Well "L"	Open	\$	400,000
MWWI 013	Water Well "M"	Open	\$	500,000
MWWI 014	Water Well "N"	Open	\$	400,000
MWSX 001	Applewood Drive Water System	Open	\$	16,250
MWSX 002	Applewood Drive Water System	Open	\$	21,150
MWSX 003	Kettleman Lane at Lower Sacramento Road	Completed	\$	-
MWSX 004	Mills Avenue Water System	Completed	\$	-
MWSX 005	Mills Avenue Water System	Completed	\$	-
MWSX 006	Harney Lane Water System	Open	\$	48,750
MWSX 007	Century Boulevard Water System	Open	\$	6,750
MWSX 008	Harney Lane Water System	Open	\$	6,750
MWSX 009	Evergreen Water System	Completed	\$	-
MWSX 010	Turner Road Water System	Open	\$	16,250
MWSX 011	Guild Avenue Water System	Completed	\$	-
MWSX 012	CCTC Water System	Open	\$	16,250
MWSO 001	Water Utility Planning - Water Master Plan 1987	Completed	\$	-
MWSO 002	Water Utility Planning - WMP & CIP Update - 1997	Open	\$	26,000
MWSO 003	Water Utility Planning - WMP & CIP Update - 2002	Open	\$	26,000
MWSO 004	Public Works Admin Bldg(1)	Open	\$	322,000
MWSO 005	Public Works Storage Facility (1)	Open	\$	162,000
MWSO 006	Public Works Garage/Wash Facility (1)	Open	\$	288,000
MWSO 007	New Development Share of Existing Water Tank(2)	Partially Funded	\$	120,552

Total Project Costs = \$ 7,845,702

Note: Open Projects are those that have not yet been started.

(1) Funding shared equally by Water, Sewer and Streets Programs

(2) New development share is 31% of total cost.

EXHIBIT "D"
SUMMARY OF DEVELOPMENT IMPACT FEES
WATER

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$3,790
Medium Density	Acre	1.96	\$7,428
High Density	Acre	3.49	\$13,227
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$3,790
Medium Density	Acre	1.96	\$7,428
High Density	Acre	3.49	\$13,227
<u>COMMERCIAL</u>			
Retail Commercial	Acre	0.64	\$2,425
Office Commercial	Acre	0.64	\$2,425
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.26	\$985
Heavy Industrial	Acre	0.26	\$985

Source: Harris & Associates

EXHIBIT "E" (PAGE 1 OF 1)

Sewer Projects

City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MSSI 001	Cluff Area Relief Sewer	Not in Program	\$ -
MSSI 002	Sanitary Sewer (West Trunk Line)	Not in Program	\$ -
MSSI 003	Harney Lane Sanitary Sewer	Separate Fee	\$ -
MSSI 004	Harney Lane Sanitary Sewer Lift Station	Separate Fee	\$ -
MSSI 005	Kettleman Lane Sanitary Sewer Lift Station	Completed	\$ -
MSSI 006	Cluff Avenue Sanitary Sewer Lift Station	Not in Program	\$ -
MSSI 007	Lower Sac. Road Sanitary Sewer	Not in Program	\$ -
MSSI 008	Lower Sac. Road Sanitary Sewer	Not in Program	\$ -
MSSI 009	Harney Lane Sanitary Sewer	Separate Fee	\$ -
MSSO 001	Sanitary Sewer Master Plan	Open	\$ 100,000
MSSO 002	PW Admin Bldg Exp (1)	Open	\$ 322,000
MSSO 003	PW Storage Facilities (1)	Open	\$ 162,000
MSSO 004	PW Garage/Wash Facility (1)	Open	\$ 288,000

Total Project Costs = \$ 872,000

Note: Open Projects are those that have not yet been started.

(1) Funding shared equally by Water, Sewer and Streets Programs.

EXHIBIT "F"
SUMMARY OF DEVELOPMENT IMPACT FEES
SEWER

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$499
Medium Density	Acre	1.96	\$978
High Density	Acre	3.49	\$1,742
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$499
Medium Density	Acre	1.96	\$978
High Density	Acre	3.49	\$1,742
<u>COMMERCIAL</u>			
Retail Commercial	Acre	0.94	\$469
Office Commercial	Acre	0.94	\$469
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.42	\$210
Heavy Industrial	Acre	0.42	\$210

Source: Harris & Associates

EXHIBIT "G" (PAGE 1 OF 1)

Storm Drain Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Cost</u>
MSDI 001	C-Basin (Pixley Park) (S-4) [1]	Partially Completed	\$ 824,800
MSDI 003	Turner Road/Guild Avenue Storm Drain	Open	\$ 400,000
MSDI 004	Pine Street Storm Drain	Open	\$ 72,200
MSDI 005	Thurman Street Storm Drain	Partially Completed	\$ 57,200
MSDI 007	C-Basin Storm Drain	Open	\$ 279,500
MSDI 008	Evergreen Drive Storm Drain	Completed	\$ -
MSDI 009	Evergreen Drive Storm Drain	Completed	\$ -
MSDI 010	E-Basin Expansion	Completed	\$ -
MSDI 011	F-Basin (Cochran Park) (N-9) [1]	Open	\$ 4,452,700
MSDI 012	F-Basin North/South Storm Drain	Open	\$ 507,000
MSDI 013	Tienda Drive Storm Drain	Partially Completed	\$ 135,900
MSDI 014	Tienda Drive Storm Drain	Partially Completed	\$ 157,300
MSDI 015	G-Basin Southeast Area Storm Drain	Open	\$ 338,900
MSDI 016	Orchis Drive Storm Drain	Open	\$ 83,000
MSDI 017	G-Basin (DeBenedetti Park) (C-3) [1]	Open	\$ 4,720,000
MSDI 018	Master Storm Drain System Engineering	Open	\$ 65,000
MSDI 019	Lodi Avenue Storm Drain	Completed	\$ -
MSDI 020	I-Basin (N-19) [1]	Open	\$ 4,577,800
MSDI 021	Storm Drain Basin I - Inflow	Open	\$ 344,200
MSDI 022	Storm Drain Basin I - Outflow	Open	\$ 359,100
MSDI 023	E-Basin (Peterson park) (N-4) Land Acquisition	Partially Completed	\$ 173,400
MSDI 024	G-Basin (DeBenedetti Park) (C-3) Land Acquisi	Underway	\$ 100,700
MSDI 025	Storm Drain Stockton St east to Culbertson	Open	\$ 67,400

Total Project Costs = \$ 17,716,100

Note: Open Projects are those that have not yet been started
 [1] See Parks projects for additional funding.

EXHIBIT "H"
SUMMARY OF DEVELOPMENT IMPACT FEES
STORM DRAINAGE

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$10,908
Medium Density	Acre	1.00	\$10,908
High Density	Acre	1.00	\$10,908
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$10,908
Medium Density	Acre	1.00	\$10,908
High Density	Acre	1.00	\$10,908
<u>COMMERCIAL</u>			
Retail Commercial	Acre	1.33	\$14,508
Office Commercial	Acre	1.33	\$14,508
<u>INDUSTRIAL</u>			
Light Industrial	Acre	1.33	\$14,508
Heavy Industrial	Acre	1.33	\$14,508

Source: Harris & Associates

EXHIBIT "I" (PAGE 1 OF 3)

Streets/Roads/Traffic Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MTSI 001	Kettleman Lane Restriping - Lower Sac. Rd. to Ham Ln.	Open	\$ 55,000
MTSI 002	Kettleman Lane Restriping - Ham Ln. to Stockton St.	Open	\$ 55,000
MTSI 003	Kettleman Lane Restriping - Stockton St. to Cherokee Ln.	Open	\$ 29,000
MTSI 004	Kettleman Lane / State Rte. 99 Interchange	Open	\$ 4,921,000
MTSI 005	Kettleman Lane Widening - Phase 2	Open	\$ 771,000
MTSI 006	Lower Sacramento Rd. Widening from Turner Rd. to Lodi Ave.	Open	\$ 361,000
MTSI 007	Lower Sacramento Rd. Widening from Lodi Ave. to Taylor Rd.	Open	\$ 253,000
MTSI 008	Lower Sacramento Rd. Widening from Taylor Rd. to Kettleman Ln.	Open	\$ 288,000
MTSI 009	Lower Sacramento Rd. Widening from Kettleman Ln. to Orchis Dr.	Open	\$ 299,000
MTSI 010	Lower Sacramento Rd. Widening from Orchis Dr. to Century Blvd.	Open	\$ 247,000
MTSI 011	Lower Sacramento Rd. Widening from Century Blvd. To Kristen Ct.	Open	\$ 381,000
MTSI 012	Lower Sacramento Rd. Widening from Kristen Ct. to Harney Lane	Open	\$ 165,000
MTSI 013	Harney Lane Widening from Lower Sacramento Road to Mills	Open	\$ 457,000
MTSI 014	Harney Lane Widening from WID Crossing to Lower Sacramento Road	Open	\$ 292,000
MTSI 015	Harney Lane Widening from WID Crossing to Hutchins Street	Open	\$ 149,000
MTSI 016	Harney Lane Widening from Hutchins St. to Stockton St.	Open	\$ 215,000
MTSI 017	Harney Lane Widening from Stockton St. to Cherokee Lane	Open	\$ 248,000
MTSI 018	Harney Lane Widening from Lower Sacramento Rd. to west City boundary	Open	\$ 303,000
MTSI 019	Project Study Report	Completed	\$ -
MTSI 020	SR 99 at Turner Road - Interchange Improvements	Open	\$ 1,907,000
MTSI 021	Lodi Avenue Restriping	Open	\$ 31,000
MTSI 022	Lodi Avenue Construction	Completed	\$ -
MTSI 023	Turner Road Restriping	Not In Program	\$ -
MTSI 024	Turner Road Construction	Open	\$ 34,000
MTSI 025	Century Boulevard Widening	Open	\$ 113,000
MTSI 026	Century Boulevard Construction	Completed	\$ -
MTSI 027	Stockton Street Widening	Partially Completed	\$ 73,000
MTSI 028	Guild Avenue Construction	Partially Completed	\$ 487,000
MTSI 029	Turner Road Widening	Completed	\$ -
MTSI 030	Lodi Avenue Widening	Partially Completed	\$ 131,000
MTSI 031	Kettleman Lane Widening	Open	\$ 153,000
MTSI 032	Lockford Street Widening	Open	\$ 1,645,000

EXHIBIT "I" (PAGE 2 OF 3)

Streets/Roads/Traffic Projects City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MTSI 033	Victor Road - SR 99 tp CCT Railroad Co.	Open	\$ 444,000
MTSO 001	Master Traffic System - Traffic System Master Plan 1987	Completed	\$ -
MTSO 002	Master Traffic System - Traffic System Master Plan 2001	Open	\$ 26,000
MTSO 003	Master Traffic System - Five Year CIP Update 2010	Open	\$ 26,000
MTSO 004	Public Works Admin. Building Expansion [1]	Open	\$ 322,000
MTSO 005	Public Works Storage Facility [1]	Open	\$ 162,000
MTSO 006	Public Works Garage/Wash Facility [1]	Open	\$ 288,000
MTS 001	Traffic Signal @ Turner Road & Lower Sacramento Road	Partially Completed	\$ 47,000
MTS 002	Traffic Signal @ Turner Road & SR 99 Southbound Ramp	Open	\$ 123,000
MTS 003	Traffic Signal @ Victor Road & Cluff Avenue	Completed	\$ -
MTS 004	Traffic Signal @ Lodi Avenue & Lower Sacramento Road	Partially Completed	\$ 48,500
MTS 005	Traffic Signal @ Lodi Avenue & Mills Avenue	Open	\$ 62,000
MTS 006	Traffic Signal @ Lower Sacramento Road & Vine Street	Completed	\$ -
MTS 007	Traffic Signal @ Kettleman Lane & Mills Avenue	Completed	\$ -
MTS 008	Traffic Signal @ Kettleman Lane & SR 99 Southbound Ramp	Completed	\$ -
MTS 009	Traffic Signal @ Kettleman Lane & Beckman Road	Completed	\$ -
MTS 010	Traffic Signal @ Lower Sacramento Road & Harney Lane	Open	\$ 124,000
MTS 011	Traffic Signal @ Harney Lane & Mills Avenue	Open	\$ 117,000
MTS 012	Traffic Signal @ Harney Lane & Ham Lane	Open	\$ 117,000
MTS 013	Traffic Signal @ Harney Lane & Stockton Street	Open	\$ 58,500
MTS 014	Traffic Signal @ Elm Street & Lower Sacramento Road	Partially Completed	\$ 64,000
MTS 015	Traffic Signal @ Lockeford Street & Stockton Street	Open	\$ 58,500
MTS 016	Traffic Signal @ Turner Road & Stockton Street	Completed	\$ -
MTS 017	Traffic Signal @ Pine Street & Stockton Street	Open	\$ 58,500
MTS 018	Traffic Signal @ Turner Road & Mills Avenue	Completed	\$ -
MTS 019	Traffic Signal @ Turner Road & Edgewood	Open	\$ 58,500
MTS 020	Traffic Signal @ Kettleman Lane & Central Avenue	Completed	\$ -
MTS 021	Traffic Signal @ Elm Street & Mills Avenue	Open	\$ 58,500
MTS 022	Traffic Signal @ Cherokee Lane & Vine Street	Open	\$ 68,500
MTS 023	Traffic Signal @ Ham Lane & Century Boulevard	Open	\$ 62,000
MTS 024	Traffic Signal @ Cherokee Lane & Elm Street	Open	\$ 68,500
MTS 025	Traffic Signal @ Lower Sacramnto Rd & Tokay	Open	\$ 162,000
MTS 026	Traffic Signal @ Lower Sacramnto Rd & Kettleman Lane	Open	\$ 259,000

[1] Funding shared equally by Water, Sewer and Streets programs.

EXHIBIT "I" (PAGE 3 OF 3)

Streets/Roads/Traffic Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MBC 001	Box Culvert - WID Canal, Lower Sacramento Road, South of Lodi Ave.	Open	\$ 316,000
MBC 002	Box Culvert - WID Canal, Turner Road, South of Lodi Avenue	Open	\$ 97,500
MBC 003	Box Culvert - WID Canal, Mills Avenue, South of Vine Street	Completed	\$ -
MBC 004	Box Culvert - WID Canal, Harney Lane, West of Hutchins Street	Open	\$ 280,000
MRRX 001	RR Crossing - Lower Sacramento Road, North of Turner Road	Open	\$ 114,000
MRRX 004	RR Crossing -Guild Avenue, intersection of Guild Ave. & Lockeford St.	Open	\$ 228,000
MRRX 005	RR Crossing - Victor Rd., CCT RR Co, East of Guild Ave.	Open	\$ 248,000
MRRX 006	RR Crossing - Beckman Road, intersection of Beckman & Lodi Avenue	Open	\$ 253,000
MRRX 007	RR Crossing -Guild Avenue, intersection of Guild Ave. & Lodi Avenue	Open	\$ 233,000
MRRX 008	RR Crossing - Cluff Avenue, intersection of Cluff & Thurman St.	Completed	\$ -
MRRX 009	RR Crossing - Kettleman Lane, East of Guild Avenue	Open	\$ 254,000
MRRX 010	RR Crossing - Harney Lane, East of Hutchins Street	Open	\$ 241,000
Total Project Costs =			\$ 19,210,500

Note: Open Projects are those that have not yet been undertaken

EXHIBIT "J"
SUMMARY OF DEVELOPMENT IMPACT FEES
STREETS/ROADS/TRAFFIC

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$7,617
Medium Density	Acre	1.96	\$14,930
High Density	Acre	3.05	\$23,233
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$7,617
Medium Density	Acre	1.96	\$14,930
High Density	Acre	3.05	\$23,233
<u>COMMERCIAL</u>			
Retail Commercial	Acre	2.08	\$15,844
Office Commercial	Acre	3.27	\$24,909
<u>INDUSTRIAL</u>			
Light Industrial	Acre	2.00	\$15,235
Heavy Industrial	Acre	1.27	\$9,674

Source: Harris & Associates

EXHIBIT "K" (PAGE 1 OF 1)

Police Projects

City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Cost</u>
LPD 001	New Police & Jail Building	Open	\$ 3,458,000
LPD 002	Jail Expansion	Merged with LPD 001	
LPD 003	Miscellaneous Equipment for Police Officers	Not In Program	
LPD 004	Pound Truck & Misc. Equipment	Open	\$ 35,000
LPD 005	Pick-up Truck	Not In Program	
LPD 006	Patrol Cars	Incl in GFCI011	—
LPD 007	Portable Radios	Not In Program	
LPD 008	Work Stations	Open	\$ 100,000
LPD 009	Computer Terminals	Open	\$ 50,000
LPD 010	Public Safety Master Plan	Completed	

Total Project Costs = \$ 3,643,000

Note: Open Projects are those that have not yet been undertaken

EXHIBIT "L"
SUMMARY OF DEVELOPMENT IMPACT FEES
POLICE

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$1,490
Medium Density	Acre	1.77	\$2,638
High Density	Acre	4.72	\$7,033
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$1,490
Medium Density	Acre	1.77	\$2,638
High Density	Acre	4.72	\$7,033
<u>COMMERCIAL</u>			
Retail Commercial	Acre	4.12	\$6,139
Office Commercial	Acre	3.72	\$5,543
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.30	\$447
Heavy Industrial	Acre	0.19	\$283

Source: Harris & Associates

EXHIBIT "M" (PAGE 1 OF 1)

Fire Projects *City of Lodi Capital Improvement Program*

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Cost</u>
LFD 001	Fire Dept. - West Side Service Expansion	Open	\$ 1,959,000
LFD 002	Fire Dept. - Ladder Truck & Equipment	Open	\$ 670,000
LFD 003	Fire Dept. - Sedans	Not in Program	
LFD 004	Fire Dept. - Mini-Vans	Not in Program	
LFD 005	Fire Dept. - Computers	Not in Program	
LFD 006	Fire Dept. - Firefighting Safety Gear	Not in Program	
LFD 007	Fire Dept. - Breathing Apparatus	Not in Program	
LFD 008	Fire Dept. - Construction/Remodel Station #1	Open	\$ 850,000
Total Project Costs =			\$ 3,479,000

Note: Open Projects are those that have not yet been started

EXHIBIT "N"
SUMMARY OF DEVELOPMENT IMPACT FEES
FIRE

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$1,456
Medium Density	Acre	1.96	\$2,854
High Density	Acre	4.32	\$6,290
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$1,456
Medium Density	Acre	1.96	\$2,854
High Density	Acre	4.32	\$6,290
<u>COMMERCIAL</u>			
Retail Commercial	Acre	2.69	\$3,917
Office Commercial	Acre	2.46	\$3,582
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.64	\$932
Heavy Industrial	Acre	0.61	\$888

Source: Harris & Associates

EXHIBIT "O" (PAGE 1 OF 2)

Parks Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MPR 001	Parks and Recreation Master Plan	Completed	
MPR 002	Administration Building and Corporation Yard	Open	\$ 1,673,500
MPR 003	Underground tank replacement	Not in Program	
MPR 004	Lodi Lake Central Park Improvements	Completed	
MPR 005	Lodi Lake Peninsula Improvements	Not in Program	
MPR 006	Lodi Lake - 13 acre expansion	Open	\$ 2,358,000
MPR 007	Lodi Lake Silt Removal	Completed	
MPR 008	Lodi Lake Turner Road Retaining Wall	Not in Program	
MPR 009	Lodi Lake Utility Extension (Water)	Not in Program	
MPR 010	Softball Complex Concession	Not in Program	
MPR 011	Softball Complex replacement of concession stand	Not in Program	
MPR 012	Softball Complex shade structure	Not in Program	
MPR 013	Softball Complex paving	Not in Program	
MPR 014	Softball Complex upgrade sports lighting	Not in Program	
MPR 015	Stadium - Electrical & Sports Lighting	Not in Program	
MPR 016	Stadium - Press Box	Not in Program	
MPR 017	Stadium - Parking Lot Landscape & Lighting	Not in Program	
MPR 018	Stadium - Returf & Drainage Improvements	Not in Program	
MPR 019	Stadium - Additional Seating	Not in Program	
MPR 020	Kofu Park - Enlarge Bleacher Area	Not in Program	
MPR 021	Kofu Park - New Playground Equipment	Not in Program	
MPR 022	Kofu Park - Permanent Backstop in Small Diamond	Not in Program	
MPR 023	Kofu Park - Group Picnic Facilities	Not in Program	
MPR 024	Kofu Park - Entrance Improvements	Not in Program	
MPR 025	Armory Park - Parking Lot	Not in Program	
MPR 026	Armory Park - Press Box and Bleacher Wall	Not in Program	
MPR 027	Armory Park - Upgrade Electrical	Not in Program	
MPR 028	Zupo Field Upgrading	Not in Program	
MPR 029	Zupo Field - Upgrad Electrical and Sports Lighting	Not in Program	
MPR 030	No Project - Not in Original Nolte Report	Not in Program	
MPR 031	Hale Park - General Improvements	Not in Program	
MPR 032	No Project - Not in Original Nolte Report	Not in Program	

EXHIBIT "O" (PAGE 2 OF 2)

Parks Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Costs</u>
MPR 033	Community Buildings - Hutchins Square [1]	Partially Comple	\$ 1,100,000
MPR 034	Blakely Park - Upgrade Lighting	Not in Program	
MPR 035	Salas Park - Protective Shade Structures	Not in Program	
MPR 036	Salas Park - Fence Diamond Area	Not in Program	
MPR 037	Emerson Park - Restroom Replacement	Not in Program	
MPR 038	Pixley Park (C-Basin) (S-4) - Gen Improvements[1]	Open	\$ 5,105,000
MPR 039	Peterson Park (E-Basin) (N-4) [1]	Completed	
MPR 040	Katzakian Park (N-20)	Open	\$ 1,881,000
MPR 041	Cochran Park - (F-Basin) (N-9) [1]	Open	\$ 2,050,000
MPR 042	Southwest Park - (I-Basin) (N-19) [1]	Open	\$ 691,400
MPR 043	Area #6 - Park (now Cochran Park)	Incl in MPR041	
MPR 044	Area #5 - Park (now DeBenedetti Park)	Incl in MPR052	
MPR 045	Area #7 - Park (now Eastside Park)	Incl in MPR046	
MPR 046	Eastside Park (N-18)	Open	\$ 2,088,000
MPR 046A	Eastside Park -Softball Complex	Completed	
MPR 047	F-Basin Park	Incl in MPR041	
MPR 048	I-Basin Park	Incl in MPR042	
MPR 049	Not Used	Not Used	
MPR 050	Not Used	Not Used	
MPR 051	Not Used	Not Used	
MPR 052	DeBenedetti Park (G-Basin) (C-3) [2]	Open	\$ 2,646,000
MPR 053	Hutchins Square - Catering Kitchen	Incl in MPR033	
MPR 054	Hutchins Square - Multi-purpose	Incl in MPR033	
MPR 055	Hutchins Square - Child care	Incl in MPR033	
MPR 056	Hutchins Square - Connectors	Incl in MPR033	
MPR 057	Hutchins Square - Auditorium	Incl in MPR033	
MPR058	Roget Park (N-13)	Open	\$ 1,087,000
MPR059	Century Meadows Park (N-15)	Open	\$ 1,034,500
MPR060	Future Community Buildings	Open	\$ 6,362,000
MPR061	Arnaiz Property (OS-3)	Open	\$ 17,000
MPR062	Future Community Pools	Open	\$ 1,908,000
Total Project Costs =			\$ 30,001,400

Note: Open Projects are those that have not yet been started

[1] Park Program share of Hutchins Square project originally totalled \$2,100,000

[2] See Storm Drain projects for additional funding.

EXHIBIT "P"
SUMMARY OF DEVELOPMENT IMPACT FEES
PARKS AND RECREATION

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$18,698
Medium Density	Acre	1.43	\$26,738
High Density	Acre	2.80	\$52,354
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$18,698
Medium Density	Acre	1.43	\$26,738
High Density	Acre	2.80	\$52,354
<u>COMMERCIAL</u>			
Retail Commercial	Acre	0.32	\$5,983
Office Commercial	Acre	0.54	\$10,097
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.23	\$4,301
Heavy Industrial	Acre	0.33	\$6,170

Source: Harris & Associates

EXHIBIT "Q" (PAGE 1 OF 1)

General City Projects
City of Lodi Capital Improvement Program

<u>Project #</u>	<u>Title</u>	<u>Status</u>	<u>Projected Cost</u>
GCFI 001	City Hall Remodel	Partially Complete	\$ 1,515,000
GCFI 002	Civic Center Parking Lot Expansion	Open	\$ 2,535,000
GCFI 008	Property Acquisition	Open	\$ 276,500
GCFI 009	Parking Lot Improvements	Open	\$ 150,000
GCFI 010	Library Expansion	Open	\$ 3,765,500
GCFI 011	Public Works - Trucks	Open	\$ 974,000
GCFI 012	Public Works - Pickups & Sedans	Open	\$ 928,000
GCFI 013	Public Works - Air Compressors	Open	\$ 117,000
GCFI 014	Public Works - Misc. Office Equipment	Open	\$ 85,000
GCFI 015	Finance - Misc. Office Equipment	Open	\$ 236,000
GCFI 016	Finance - Computer (AS400)	Completed	\$ -
GCFI 017	Fee Program Monitoring	Open	\$ 300,000
CODV 001	General City Fac. - 1987 General Plan Update	Completed	
CODV 002	General City Fac.-Five Year Update to the GP-20002	Incl in CODV003	\$ -
CODV 003	General City Fac. - General Plan	Open	\$ 800,000
CODV 004	General City Fac. Fee Update Consultant Services	Open	\$ 85,000

Total Project Costs = \$ 11,767,000

Note: Open Projects are those that have not yet been started

EXHIBIT "R"
SUMMARY OF DEVELOPMENT IMPACT FEES
GENERAL CITY FACILITIES

LAND USE CATEGORIES	Unit	RAE	Fee
<u>RESIDENTIAL</u>			
Low Density	Acre	1.00	\$6,018
Medium Density	Acre	1.43	\$8,606
High Density	Acre	2.80	\$16,851
<u>PLANNED RESIDENTIAL</u>			
Low Density	Acre	1.00	\$6,018
Medium Density	Acre	1.43	\$8,606
High Density	Acre	2.80	\$16,851
<u>COMMERCIAL</u>			
Retail Commercial	Acre	0.89	\$5,356
Office Commercial	Acre	1.53	\$9,208
<u>INDUSTRIAL</u>			
Light Industrial	Acre	0.64	\$3,852
Heavy Industrial	Acre	0.93	\$5,597

Source: Harris & Associates

DRAFT

RESOLUTION NO. 2001-_____

A RESOLUTION OF THE LODI CITY COUNCIL
AMENDING DEVELOPMENT IMPACT MITIGATION
FEES FOR ALL DEVELOPMENTS WITHIN THE CITY OF
LODI

=====

Whereas, the Lodi City Council has adopted Ordinance No. 1518, creating and establishing the authority for imposing and charging Development Impact Mitigation Fees in the City of Lodi; and

Whereas, studies have been made and data gathered on the impact of contemplated future development on existing public facilities in the City of Lodi, along with an analysis of the need for new public facilities and improvements required by new development; and

Whereas, the Lodi City Council adopted Resolution No. 91-172 on September 4, 1991, establishing Development Impact Fees and Supplemental Specific Area Fees; and

Whereas, the Lodi City Council has adopted Resolution 93-26 on February 3, 1993, updating the Development Impact Mitigation Fees and Supplemental Specific Area Fees in accordance with the above mentioned ordinance; and

Whereas, the Lodi City Council has adopted Resolution No. 94-10 on January 19, 1994, approving the Lodi Park, Recreation and Open Space Plan; and

Whereas, studies have been made and results presented in the final report, City of Lodi Development Impact Fee Update, October 2001, updating the analysis of required public facilities to serve new development, the cost of the facilities, and the required impact fees to fund the facilities; and

Whereas, such information was available for public inspection and review 14 days prior to the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council that:

1. The City Council adopts the Final Report, City of Lodi Development Impact Fee Update, October 2001.
2. FEES - The City Council hereby amends the fees specified in Section 2 "FEES" of Resolution 93-26 as follows:

FEE CATEGORY FEE PER RESIDENTIAL ACRE EQUIVALENT (RAE)

City-Wide Fees

1.	Water	\$ 3,918.00
2.	Sewer	\$ 501.00
3.	Storm Drainage	\$11,276.00
4.	Streets	\$ 7,874.00
5.	Police	\$ 1,540.00
6.	Fire	\$ 1,505.00
7.	Parks and Recreation	\$19,329.00
8.	General City Facilities	\$ 6,221.00

3. All resolutions or portions of resolutions setting amounts for such above-mentioned Development Impact Mitigation fees are repealed. All other provisions of Resolution 91-172 and 93-26 remain in effect.

4. **EFFECTIVE DATE:** The Development Impact Fees adopted in this Resolution shall take effect 60 days after adoption. For projects in which fees have been deferred under the terms of a public improvement agreement per Lodi Municipal Code Section 15.64.040(E), these fees shall be effective one year from the date of this agreement. For projects with approved Tentative Subdivision Maps, current fees will remain in effect until January 1, 2003 providing that the City Council has approved Final Maps for filing prior to this date.

Dated: October 3, 2001

=====

I hereby certify that Resolution No. 2001-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 3, 2001, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2001-_____

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI
AMENDING TITLE 15 – BUILDINGS AND CONSTRUCTION,
CHAPTER 15.64 – DEVELOPMENT IMPACT MITIGATION FEES BY
REPEALING AND REENACTING SECTION 15.64.040 - “PAYMENT
OF FEES,” AND SECTION 15.64.050 - “ADOPTION OF STUDY,
CAPITAL IMPROVEMENT PROGRAM AND FEES” TO THE LODI
MUNICIPAL CODE RELATING TO DEVELOPMENT IMPACT FEES

=====

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

SECTION 1. Section 15.64.040 “Payment of Fees” of the Lodi Municipal Code is hereby repealed and reenacted to read as follows:

15.64.040 Payment of Fees

A. The property owner of any development project causing impacts to public facilities shall pay the appropriate development mitigation fee as provided in this chapter. The amount shall be calculated in accordance with this chapter and the program fee per residential acre equivalent as established by council resolution.

B. When such payment is required by this chapter, no final subdivision map, building permit or grading permit shall be approved for property within the city unless the development impact mitigation fees for that property are paid or guaranteed as provided in this chapter.

C. The fees shall be paid before the approval of a final subdivision map, building permit or grading permit, whichever occurs first except as provided in subsection E of this section.

D. If a final subdivision map has been issued before the effective date of the ordinance codified in this chapter, then the fees shall be paid before the issuance of a building permit or grading permit, whichever comes first except as exempted under Section 15.64.110 of this chapter.

E. Where the development project includes the installation of public improvements, the payment of fees established by this Chapter may be deferred and shall be collected prior to acceptance of the public improvements by the city council. Payment of all deferred fees shall be guaranteed by the owner prior to deferral. Such guarantee shall consist of a surety bond, instrument of credit, cash or other guarantee approved by the City Attorney.

SECTION 2. Section 15.64.050 “Adoption of Study, Capital Improvement Program and Fees” of the Lodi Municipal Code is hereby repealed and reenacted to read as follows:

15.64.50 Adoption of Study, Capital Improvement Program and Fees

A. The city council adopts the City of Lodi Development Fee Study dated August, 1991 and establishes a future capital improvement program consisting of projects shown in said study. The city council shall review that study annually, or more often if it deems it appropriate, and may amend it by resolution at its discretion.

B. The city council shall include in the city's annual capital improvement program appropriations from the development impact fee funds for appropriate projects.

C. Except for facilities approved by the public works director for construction by a property owner under Section 15.64.080 or as shown in the annual capital improvement program, all facilities shall be constructed in accordance with the schedule established in the development impact fee study.

D. The program fee per residential area equivalent (RAE) shall be adopted by resolution and shall be automatically adjusted annually on January 1. The annual adjustment shall change the program fee by the same percentage as the annual change in the Engineering News Record 20 Cities Construction Cost Index.

SECTION 3. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 4. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 5. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 6. This ordinance shall be published one time in the "Lodi News Sentinel", a daily newspaper of general circulation printed and published in the City of Lodi and shall take effect thirty days from and after its passage and approval.

Approved this ____ day of _____, 2001

ALAN NAKANISHI
Mayor

Attest:

SUSAN J. BLACKSTON
City Clerk

=====

State of California
County of San Joaquin, ss.

I, Susan J. Blackston, City Clerk of the City of Lodi, do hereby certify that Ordinance No. _____ was introduced at a regular meeting of the City Council of the City of Lodi held October 3, 2001, and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, by the following vote:

AYES: COUNCIL MEMBERS --

NOES; COUNCIL MEMBERS --


ABSENT: COUNCIL MEMBERS --

ABSTAIN: COUNCIL MEMBERS --

I further certify that Ordinance No. _____ was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

SUSAN J. BLACKSTON
City Clerk

Approved as to Form:



RANDALL A. HAYS
City Attorney

Redevelopment: The Unknown Government

What It Is. What Can Be Done.

A Report to the People of California

July, 2001

REDEVELOPMENT: THE UNKNOWN GOVERNMENT

Published by
Municipal Officials for Redevelopment Reform (MORR)
214 North Yale Avenue
Fullerton, CA 92831

Any part of this book may be reproduced. For additional copies or more information:

Phone: 714-871-9756 ♦ FAX: 714-992-6627 ♦ E-mail: norby@ci.fullerton.ca.us

Websites: www.redevelopment.com ♦ www.missionviejoca.org

EDITORIAL BOARD:

Director:

Chris Norby
Council Member, City of Fullerton
Mayor of Fullerton, 1991-92, 1995-97
Ph.: 714-871-9756

Associates:

Jean Heinf
Californians United for Redevelopment Education (CURE)
South Gate, CA
Ph.: 323-567-6737

Council Member John Paul Ledesma
City of Mission Viejo
Ph.: 949-581-1924

Darwin Thorpe
Board of Trustees, Long Beach Community College Dist.
Long Beach, CA
Ph.: 562-423-3336

Council Member Steven Vargas
City of Brea
Ph.: 714-990-8847

Council Member Sally Fallon
City of La Puente
Ph.: 626-330-8314

Alan Pilger, Larry Gilbert
Orange County Co. Directors, CURE
Ph.: 949-582-2603

Sherry Curtis
Land Use Consultant
Sacramento, CA
Ph.: 916-852-7499

Ernie Bernardi
Los Angeles City Council, 1961-1993

Council Member Judy Dunlap
City of Inglewood
Ph.: 310-412-5641

Council Member Ginny Lambert
City of Hawthorne
Ph.: 310-675-3146

Glenn Hannah, City Treasurer
City of Capitola
Ph.: 831-475-4724

Chris Sutton, Attorney-at-Law
Pasadena, CA
Ph.: 626-683-2500

Dr. Ralph Shaffer
Chair, Los Angeles County Grand Jury
Subcommittee on Redevelopment, 1993-94
Ph.: 626-966-4304

Don Lippman
East Los Angeles Project Area Committee
Ph.: 323-654-4826

Richard Erganian
The Vineyard
Fresno, CA
Ph.: 559-222-0182

Bruce Henderson
San Diego City Council, 1993-1997
Ph.: 858-273-8600

WHAT'S INSIDE

1 — The Unknown Government	2
2 — Blight Makes Right	4
3 — Tax Increment Diversion	6
Table 3.1: Property Tax Diversion Growth	8
Table 3.2: Redevelopment Acreage Growth	8
4 — Debt: Pay Now, Pay Later	10
Table 4.1: Total Indebtedness Statewide	12
Table 4.2: Total Indebtedness: Top 12 Cities	13
Table 4.3: Per-Capita Indebtedness: Top 12 Cities	13
5 — Corporate Welfare	14
6 — Predatory Redevelopment: Sales Tax Shell Game	16
Table 6.1: Land Use Desirability: City Managers Survey	18
Table 6.2: Per-Capita Sales Tax Revenue Comparison: Selected Cities	19
7 — Follow the Money	20
Table 7.1: Total Statewide Redevelopment Expenditures by Category	20
8 — The Myth of Economic Development	22
Table 8.1: Personal Income Growth Comparison: Statewide	24
Table 8.2: Personal Income Growth Comparison: Selected Cities	25
9 — Housing Scam	26
10 — Eminent Domain for Private Gain	28
11 — The Redevelopment Establishment	30
12 — What You Can Do	32
13 — Reclaiming Redevelopment Revenue	36
Table 13.1: Revenue Gains with Restored Property Taxes	37
14 — Sources / Suggested Further Reading	39

1 — The Unknown Government

There is an unknown government in California.

This unknown government currently consumes nearly 10% of all property taxes statewide — \$1.9 billion in 2000. It has a total indebtedness of over \$47 billion.

It is supported by a powerful Sacramento lobby, backed by an army of lawyers, consultants, bond brokers and land developers.

Unlike new counties, cities and school districts, it can be created without a vote of the citizens affected.

Unlike other governments, it can incur bonded indebtedness without voter approval.

Unlike other governments, it may use the power of eminent domain to benefit private interests.

This unknown government provides no public services. It does not educate our children, maintain our streets, protect us from crime, nor stock our libraries.

It claims to eliminate blight and promote economic development, yet there is no evidence it has done so in the half century since it was created.

Indeed, it has become a rapidly growing drain on California's public resources, amassing enormous power with little public awareness or oversight.

This unknown government is Redevelopment.

It is time Californians knew more about it.

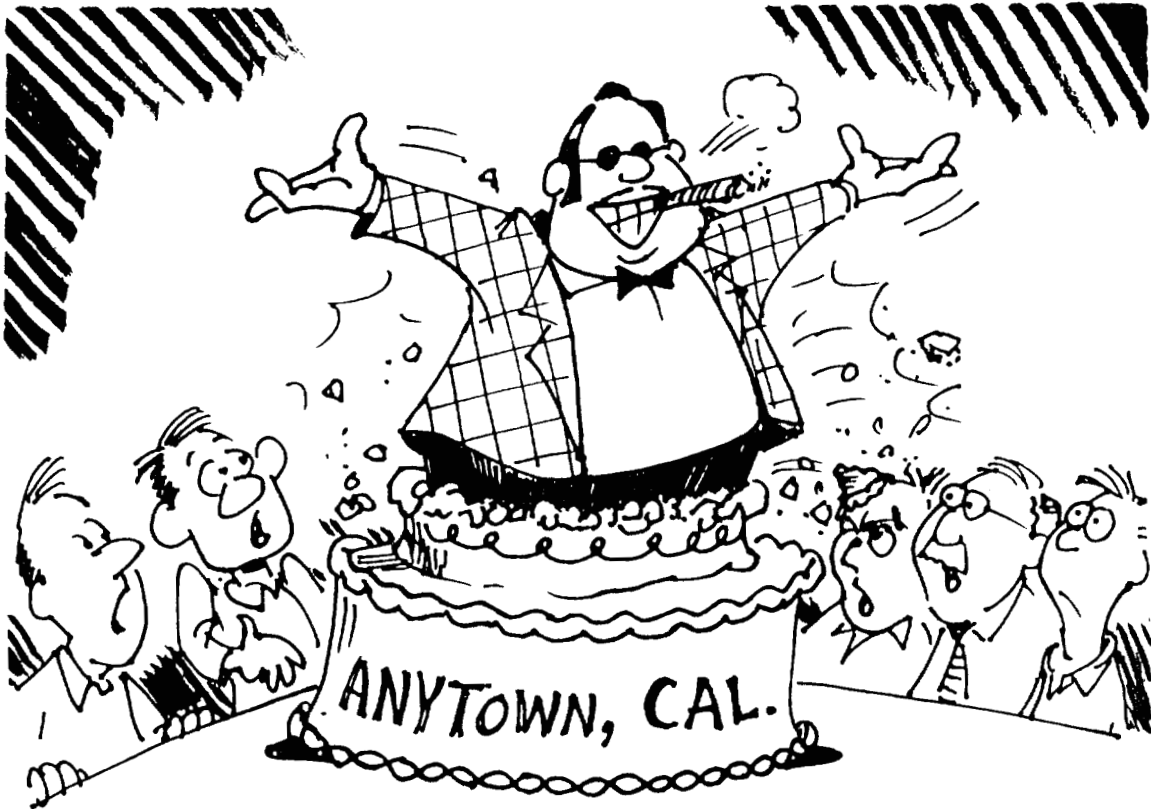
State law allows a city council to create a redevelopment agency to administer one or more "project areas" within its boundaries. An area may be small, or it can encompass the entire city.

These project areas are governed by a redevelopment agency with its own staff and governing board, appointed by the city council.

Thus, an agency and city may appear to be one entity. Usually city councils appoint themselves as agency board members, with council meetings doubling as redevelopment meetings. Legally, however, a redevelopment agency is an entirely separate government authority, with its own revenue, budget, staff and expanded powers to issue debt and condemn private property.

Out of California's 475 cities, 367 have created redevelopment agencies. No vote of the residents affected was required. No review by the Local Agency Formation Commission (LAFCO) was done.

Californians often confuse redevelopment with federal "urban renewal" projects typical of large eastern cities of the 1940's-60's. Sadly, the methods and results are often similar. Yet redevelopment is a state-authorized layer of government without federal funds, rules or requirements. It is entirely within the power of the California legislature and voters to control, reform, amend or abolish.



"I'm from Redevelopment and I'm here to help you."

2 — Blight Makes Right

All a city need do to create or expand of a redevelopment area is to declare it “blighted”.

This is easily done. State law is so vague that most anything has been designated as “blight”. Parkland, new residential areas, professional baseball stadiums, oil fields, shopping centers, orange groves, open desert and dry riverbeds have all been designated as “blight” for redevelopment purposes.

To make a finding of blight, a consultant is hired to conduct a study. New redevelopment areas are largely driven by city staff, who choose the consultant with the approval of the city council. Consultants know their job is not to determine *if* there is blight, but to *declare* blighted whatever community conditions may be.

“Cities adopted very loose and very creative definitions of blight,” writes syndicated *Sacramento Bee* columnist Dan Walters, author and long-time state policy analyst. “Often, vacant, never-developed land is branded as blighted to allow its inclusion in a redevelopment zone.”

A city park in Lancaster has been declared blighted to justify paving over 19 acres of parkland and axing 100 trees for a new Costco. (“Lancaster Ready to Pave Parkland and Put Up a Costco”, *Los Angeles Times*, June 24, 2001).

Blight has been proclaimed in some of California’s most affluent cities. Indian Wells, a guard-gated community with an average \$210,000 household income, has *two* separate redevelopment areas.

Understandably, many homeowners fear an official designation of blight will hurt property values. Small property owners fear redevelopment’s use of eminent domain. Building permits can also be denied if an

applicant does not conform precisely to the redevelopment plan. So, local citizen groups often challenge the blight findings in court. Others are challenged by counties and school districts that stand to lose major property tax revenue if a new redevelopment area is created.

Recent state legislation has tightened definitions of blight, particularly those involving open and agricultural land. Still, enforcement is lax, legal challenges costly and most agencies were already created long before recent reform attempts.

Once the consultant’s blight findings are ratified, a city may create or expand a redevelopment area. Voter approval is never asked. Citizens can force a vote by gathering 10% of the signatures of all registered voters within 30 days of the council action. Where this has occurred, redevelopment nearly always loses by wide margins (rejected in Montebello by 82%, La Puente by 67%, Ventura by 57%, Los Alamitos by 55%, Half Moon Bay by 76%, for example).

The requirements to force a vote are difficult to meet, however. In the vast majority of cases, a popular vote is never held. Rather, the consultant’s findings of blight are quickly certified. A law firm is then retained to draw up the paperwork and defend against legal challenges.

A growing number of law firms specialize in redevelopment. Like the consultants, they are members of the California Redevelopment Association, a Sacramento-based lobby. They are listed in the CRA’s directory and advertise in its newsletter. Their livelihood depends on the aggressive use of redevelopment and increasingly imaginative definitions of blight.

To eliminate alleged blight, a redevelopment agency, once created, has four extraordinary powers held by no other government authority:

- 1) **Tax Increment:** A redevelopment agency has the exclusive use of all increases in property tax revenues ("tax increment") generated in its designated project areas.
- 2) **Bonded Debt:** An agency has the power to sell bonds secured against future tax increment, and may do so without voter approval.
- 3) **Business Subsidies:** An agency has the

power to give public money directly to developers and other private businesses in the form of cash grants, tax rebates, free land or public improvements.

- 4) **Eminent Domain:** An agency has expanded powers to condemn private property, not just for public use, but to transfer to other private owners.

These four powers represent an enormous expansion of government intrusion into our traditional system of private property and free enterprise. Let us carefully consider the costs of this power and if it has done anything to eliminate real blight.



"It's easy . . . blight is whatever we say it is!"

3 — Tax Increment Diversion

Once a redevelopment project area is created, all property tax increment within it goes directly to the agency. This means all increases in property tax revenues are diverted to the redevelopment agency and away from the cities, counties and school districts that would normally receive them.

While inflation naturally forces up expenses for public services such as education and police, their property tax revenues within a redevelopment area are thus frozen. All new revenues beyond the base year can be spent only for redevelopment purposes.

In 2000, this revenue diversion was just over \$1.9 billion statewide. This means nearly 10% of all property taxes was diverted from public services to redevelopment schemes. Even with modest inflation, the percent taken has roughly doubled every 15 years. (Table 3.1).

Total acreage under redevelopment has doubled in the past decade, with now nearly a million acres tied up in tax increment diversions (Table 3.2).

If redevelopment were a temporary measure, as advocates once claimed, this diversion might be sustainable. Once an agency is disbanded, all the new property tax revenues would be restored to local governments. Legally, agencies are supposed to sunset after 40 years, but the law contains many exceptions and is easily circumvented. Tougher sunset legislation is needed to close agencies at a pre-determined date. Only then will property tax diversions end and the funds restored to the public.

Hard-pressed counties are well aware of the cost of this diversion, and often go to court to

challenge new redevelopment areas. In 1994, the Los Angeles County Grand Jury released its exhaustive report on redevelopment, calling for more public accountability and citing its negative effects on county services. The County of Los Angeles general fund has lost \$2.6 billion to redevelopment diversions since 1978, seriously impacting public services. Other counties face similar losses.

School districts have also responded with lawsuits, sometimes forcing “pass-through” agreements to restore part of their lost revenue.

Redevelopment agencies are notoriously stingy in honoring property tax pass-throughs to school districts. Saddled by its heavily indebted and now defunct Riverwalk plan, the Garden Grove Redevelopment Agency reneged on \$2 million owed to local schools, until threatened litigation restored the funds.

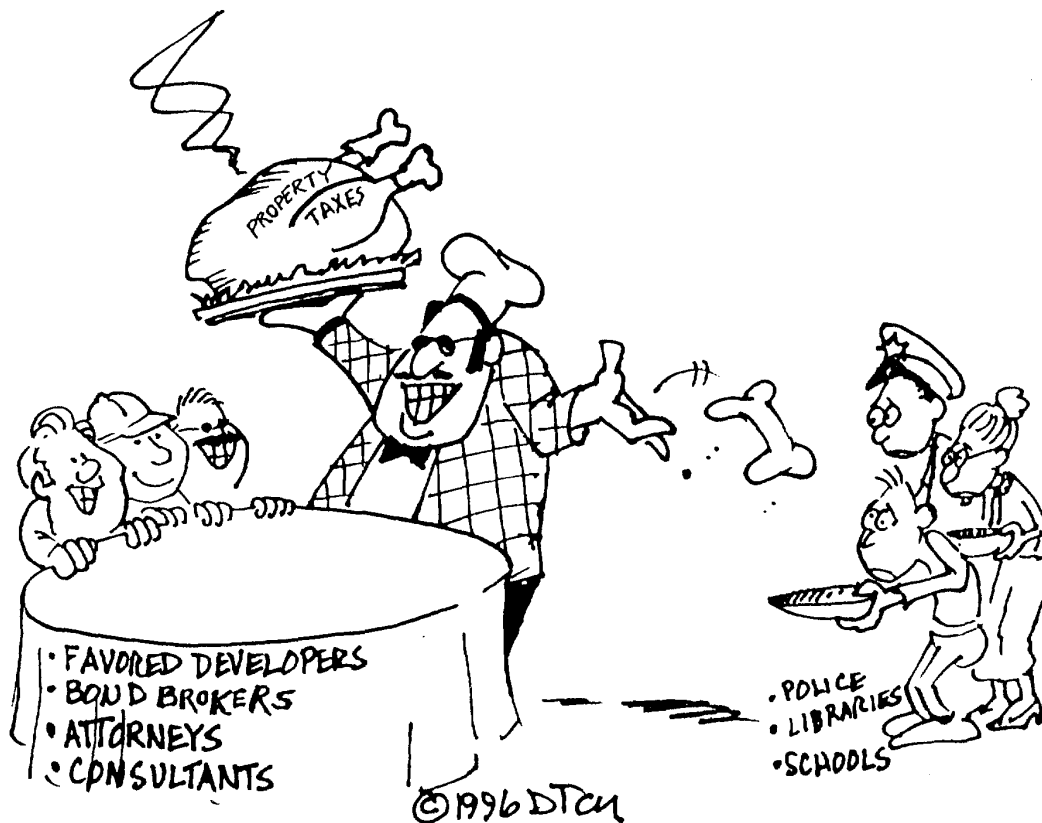
Faced with lost property taxes, school districts have slapped steep building fees on new residential development, thus passing the burden of redevelopment onto new homeowners and renters.

To recoup property taxes lost to redevelopment agencies, school districts have won their own property tax diversions from cities, in the form of the Educational Revenue Augmentation Fund (ERAF). Established by the state legislature, ERAF diversions from cities to school districts totaled \$535 million in 1999-00, money that comes directly from municipal General Fund budgets needed for public safety, parks and libraries.

Cities have long complained about these ERAF diversions, but they are a direct result of their own redevelopment raids on school funds.

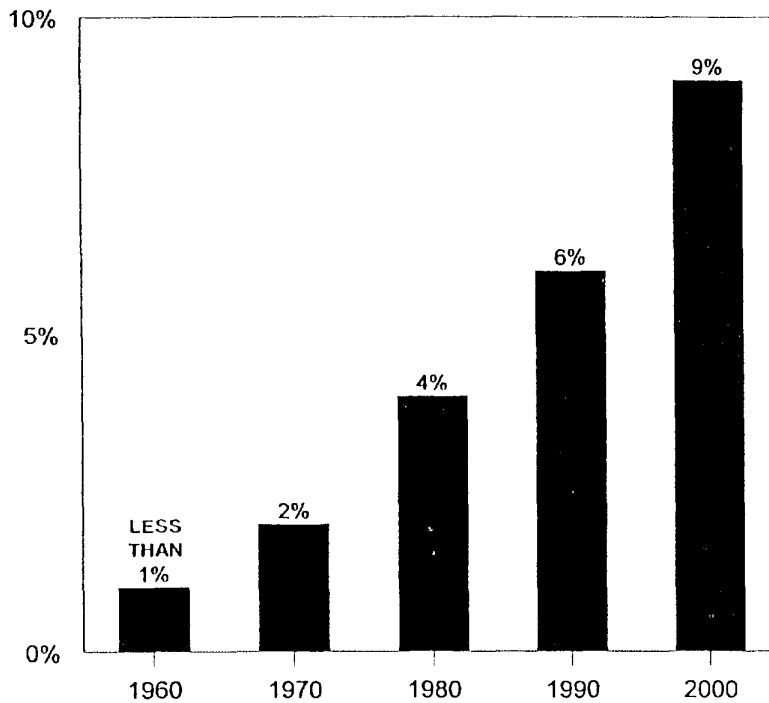
Tax increment financing also directly impacts municipal budgets by diverting city revenues into redevelopment agencies. That part of the tax increment that would have gone to the cities' general fund (averaging 12%) is lost, and can now be used only by redevelopment

agencies. Thus, there is now money to build auto malls and hotels, but less for police, fire fighters and librarians. Cities cannot use redevelopment money to pay for salaries, public safety or maintenance, which are by far the largest share of municipal budgets.



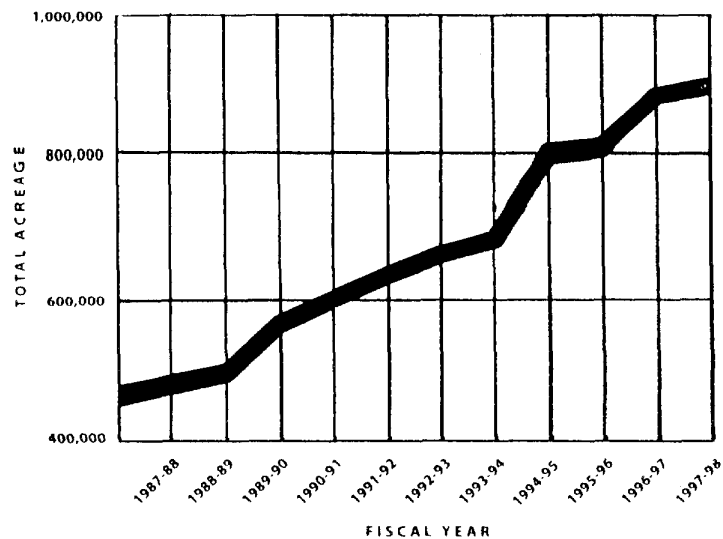
"Eat hearty, boys . . . plenty more where this came from!"

TABLE 3.1
Property Tax Increment as a Percentage
of Total Property Tax Revenues Statewide
 (Percent of Property Taxes Diverted to Redevelopment)



SOURCE: California State Controller's Office.

TABLE 3.2
Total Acreage in Redevelopment Areas



SOURCE: Report of the Commission on Local Governance for the 21st Century, page 112.



Redevelopment boosters claim the agency is entitled to keep the tax increment, because it was created by agency activity itself. The exhaustively researched *Subsidizing Redevelopment in California* by Michael Dardia (Public Policy Institute, San Francisco, 1998) disproved this. Thorough analysis showed property tax diversions to be a net loss, and do not “pay for themselves” with increased development.

In fact, tax increment need not even be spent in the area it was generated. Agencies typically shift funds from one project area to another.

Heavily in debt and short on cash, the Los Angeles Redevelopment Agency is proposing a new 6,835 acre project area in the San Fernando Valley. Much of the \$1.1 billion to be siphoned off will actually be spent downtown and to cover existing bonds.

Advocates also claim that redevelopment agencies do not raise new taxes. While narrowly true, the agency tax increment diversions starve legitimate government functions of necessary

revenues, thus pressuring tax increases to make up the shortfall.

The bi-partisan Commission on Local Governance for the 21st Century, chaired by San Diego Mayor Susan Golding, recently released its report, *Growth Within Bounds* (State of California, Sacramento, 2000). The commission specifically cited the negative impact of tax increment financing, noting that “This financing tool has steadily eaten into local property tax allocations that could otherwise be used for general governmental services, such as police and fire protection and parks” (page 111).

Tax increment financing is a growing drain on funds intended for public needs. It has confused and distorted state and local finance, resulting in a byzantine maze of diversion, augmentations, pass-throughs, and backfills that have shortchanged both our schools and city services. These property taxes — \$1.9 billion annually — must be recaptured from private interests, and restored to the public interest.



©1998 BTan

"It's easy . . . when you don't have to ask the voters!"

4 — Debt: Play Now, Pay Later

It is troubling enough that redevelopment agencies divert property taxes from real public needs. But that is only part of the story.

By law, for a redevelopment agency to begin receiving property taxes, it must first incur debt. In fact, property tax increment revenues may only be used to pay off outstanding debt. Pay-as-you-go is not part of redevelopment law or philosophy.

Debt is not just a temptation. It is a requirement.

That is why redevelopment hearings inevitably feature three groups of outside “experts”: the blight consultants, the lawyers, and the bond brokers who help the agency incur debt so it can start receiving the tax increment.

The bond brokers and debt consultants are easily located. They are listed in the California Redevelopment Association Directory. From city to city they phone, fax, travel and make presentations to sell additional debt. Naturally, redevelopment staffs are supportive. More debt means job security and larger payrolls.

Currently, total redevelopment indebtedness in California tops \$47 billion, a figure that is doubling every eight years (Table 4.1).

Debt levels vary widely among agencies, but all must have debt to receive the tax increment. Table 4.2 shows those cities with the highest total redevelopment indebtedness. Debt levels have no relation to actual blight, as many affluent suburban towns have higher indebtedness than older urban-core cities.

Table 4.3 shows outstanding indebtedness per-capita.

This is the amount of per capita property taxes that must be paid to cover the principal and interest of existing debt. This amount must

be diverted from the cities, counties and school districts before these redevelopment agencies can shut down and restore the property taxes to those entities.

One would expect that if redevelopment agencies had been successful in eliminating “blight”, they would now be scaling back their activities and reducing debt. In fact, redevelopment indebtedness is growing rapidly, draining investment money that could have gone to buy other government bonds or into the private sector.

There are two reasons redevelopment debt is so attractive: First, redevelopment agencies may sell bonded debt without voter approval. Unlike the state, counties and school districts, the debts need not be justified to, or approved by, the taxpayers. A quick majority vote by the agency is all that is needed.

Second, bond brokers love to sell redevelopment debt. The commissions are high and the buyers plentiful. Since the debt is secured against future property tax revenue, they are seen as secure and lucrative. If an agency over-extends, then surely the city’s general fund will cover the debts.

Interest payments on bonds are the single largest expenditure of redevelopment agencies statewide, accounting for 26% of all costs — \$892 million in fiscal year 1999-2000 (Table 7.1).

Bondholders and their brokers are profiting handsomely from redevelopment debt, while pocketing property taxes that should go to public services.

Wall Street profits. Main Street pays.

Bond brokerage firms are among the biggest financial supporters of the California

Redevelopment Association. They pay hefty annual dues for its pro-redevelopment lobbyists, sponsor the Annual CRA Conference and hold regional seminars instructing agency staff how to incur ever more debt.

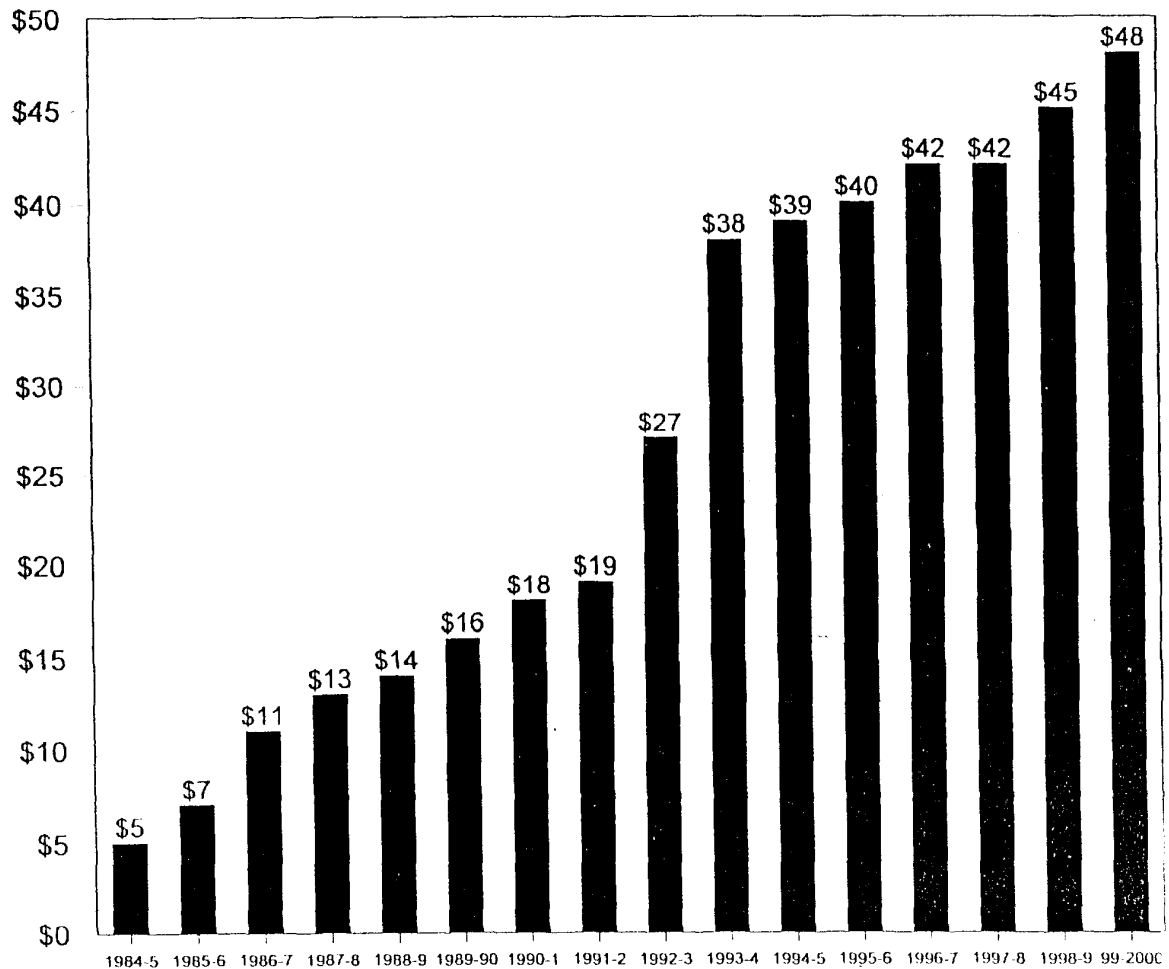
Redevelopment debt has mortgaged California's future by obligating property taxes for decades to come. \$48 billion needed for future schools, infrastructure and public services has been committed to service future

redevelopment debt. \$48 billion that should pay teachers and police officers is diverted to bondholders.

The only way to avoid these ballooning interest payments is for redevelopment agencies to stop incurring new debt, sell off existing assets and pay off existing principal as soon as possible. Chapter 12 explains how this can be achieved.

TABLE 4.1
Total Redevelopment Indebtedness Statewide

Figures
in Billions



SOURCE: State Controller's Office. Figures rounded off to the nearest \$billion.

TABLE 4.2
Top 12 California Cities by Total Redevelopment Indebtedness
(Includes principal and interest of all outstanding debt)

	City/Agency	Total Indebtedness
1	San Jose	\$3,080,684,410
2	Fontana	\$2,584,465,243
3	Fairfield	\$2,056,227,733
4	Palm Desert	\$1,853,767,358
5	Palmdale	\$1,715,008,891
6	Lancaster	\$1,655,817,028
7	Los Angeles	\$1,414,629,020
8	Burbank	\$988,351,348
9	La Quinta	\$974,298,925
10	Industry	\$789,380,527
11	Yorba Linda	\$760,974,888
12	West Covina	\$704,352,534

TABLE 4.3
Top 12 California Per-Capita Redevelopment Indebtedness by City
(Includes outstanding principal and interest)

	Per-Capita Indebtedness	City/Agency	Population	TOTAL Indebtedness
1.	\$1,144,029	Industry (L.A. Co.)	690	\$789,380,527
2.	\$136,278	Irwindale (L.A. Co.)	1,190	\$162,170,958
3.	\$104,647	Vernon (L.A. Co.)	85	\$8,895,049
4.	\$91,315	Sand City (Monterey Co.)	190	\$17,350,305
5.	\$50,788	Palm Desert (Riverside Co.)	36,500	\$1,853,767,358
6.	\$44,488	La Quinta (Riverside Co.)	21,900	\$974,298,925
7.	\$23,054	Fontana (San Bernardino Co.)	112,100	\$2,584,465,243
8.	\$22,798	Indian Wells (Riverside Co.)	3,430	\$78,199,873
9.	\$22,253	Fairfield (Solano Co.)	92,400	\$2,056,227,733
10.	\$16,393	Brisbane (San Mateo Co.)	3,390	\$55,573,728
11.	\$15,122	Brea (Orange Co.)	36,550	\$552,733,582
12.	\$14,399	Palmdale (L.A. Co.)	119,600	\$1,715,008,891

SOURCES: *Community Redevelopment Agencies Annual Report, Fiscal Year 1999-2000*; State Controller's Office
California Statistical Abstract, 2000; State of California

5 — Corporate Welfare

The consultant has found the blight. The lawyers have drawn up the papers and defended the agency from suits. The bond brokers have created the debt, to be paid by the tax increment that will surely flow.

Now should be the time to begin eliminating "blight", as required by state law.

In reality, very little is ever heard again about blight. Redevelopment agencies are driven primarily by creating new revenue. Since most cities with redevelopment have little or no real blight anyway, creating new government revenues becomes their prime goal. They do so in two ways:

Debt: As we have seen, an agency incurs debt to be paid by future property tax diversions. In this way, it can perpetuate its own activities indefinitely by continuing to borrow.

Sales Tax: By promoting commercial development, a redevelopment agency can claim to be stimulating new sales taxes that benefit the city's general fund.

By state law, a city's sales tax share is 1% of all taxable purchases. Sales taxes are site-based. If you live in Sacramento and buy a car in Folsom, all of the sales tax share from the car will go to Folsom, none to Sacramento.

Typically, sales taxes account for 26% of municipal general fund budgets, so cities have long been motivated to attract sales tax generators. City officials and chambers of commerce have touted their location, city services, and access to markets. New department stores and auto dealers have long been greeted with ribbon cuttings and proud announcements in the local paper.

Redevelopment has escalated this to a new

level.

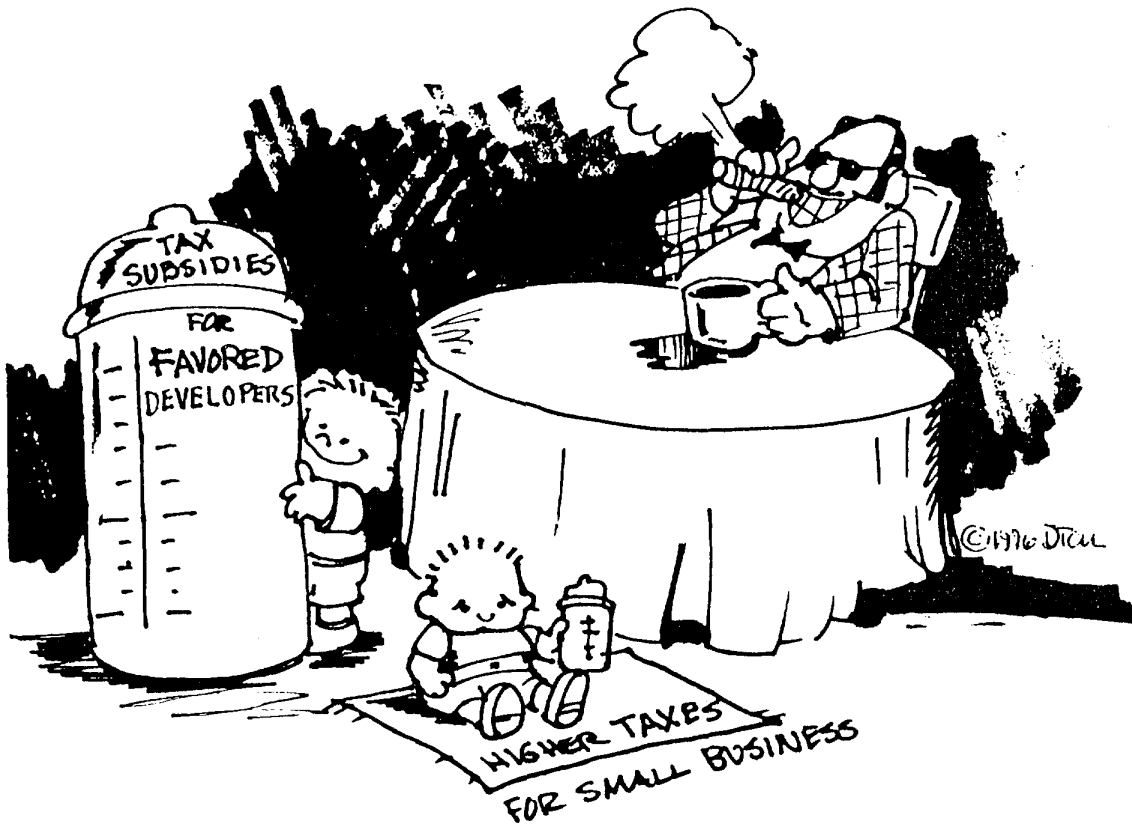
With redevelopment, cities have the power to directly subsidize commercial development through cash grants, tax rebates, or free land. Spelled out in a Disposition and Development Agreement (DDA), a developer receives lucrative public funding for projects the agency favors. Some receive cash up front from the sale of bonds they will never have to repay. Others receive raw acreage or land already cleared of inconvenient small businesses and homes. They purchase the land at substantial discount from the agency. Sometimes it is free.

Redevelopment subsidies are not distributed evenly. Favored developers, NFL team owners, giant discount stores, hotels and auto dealers receive most of the money. Small business owners, now must face giant new competitors funded by their own taxes.

Public funds are also used for glitzy new entertainment centers open only to the affluent, replacing perfectly good private facilities at great cost.

L.A.'s Staples Center (tax subsidy: \$50 million) moved the Lakers and Kings out of nearby Inglewood, leaving the Forum virtually empty. A new theater will soon open for the annual Academy Awards presentations as part of a Hollywood mall (tax subsidy: \$98 million). The Oscar show is being snatched from the Shrine Auditorium which had long hosted the event at no public cost.

Redevelopment has accelerated the centralization of economic power among ever-fewer corporate chains at the expense of locally-based independent businesses. Asserts Larry Kosmont of Kosmont & Associates, a veteran redevelopment consultant and prominent CRA member, "Costco, Wal-Mart and other sales-tax generators are king of the highways and will get whatever they want".



"Some are more equal than others!"

This costly distortion of the free enterprise system is justified as the only way to boost local sales taxes (ending "blight" has, by now, been long forgotten). Yet, if new developments are justified by market demand, they will be built anyway. If not, they will fail, regardless of the subsidies.

Politically, such giveaways are beginning to backfire on local politicians. Oakland Mayor Elihu Harris lost a 1998 Assembly race to Green candidate Audie Bock shortly after he signed a one-sided giveaway to Al Davis to lure the Raiders back to Oakland. The annual \$5.8 million public pay-off to the San Diego Chargers (as part of a "seat guarantee" to multi-millionaire team owner Alex Spanos) was a key issue in the 2000 Mayoral race. Tainted by her vote for the subsidy, Councilwoman Barbara Warden placed a distant fourth in the March primary. L.A. politicians were decidedly cool to

the hefty subsidies demanded by the NFL for an expansion team, which ultimately went to Houston. No candidate in the 2001 L.A. mayoral race proposed any NFL deal. Even council members from Mission Viejo scurried for cover when their hefty redevelopment "investment" in the minor league Vigilantes went bad, and the team folded.

Wasted, too are the billions spent competing for malls, auto centers, big box retailers and other recipients of redevelopment largess. Fiscal sanity and the laws of free enterprise must be restored. Ironically, as poor mothers see their welfare checks slashed, billionaire team owners and developers receive ever more public dole.

Redevelopment has become a massive wealth-transfer machine. Cash and land go to powerful developers and corporate retailers, while small business owners and taxpayers must foot the bill.

6 — Predatory Redevelopment: Sales Tax Shell Game

A drive north on the Santa Ana Freeway from Disneyland toward L.A. reveals the chaos redevelopment has wreaked. There is the Buena Park Auto Square, built around dealerships lured from nearby Fullerton. Just north is the old Gateway Chevrolet site. Where did it go? Just across the county line to La Mirada, which lured it from Buena Park with its own publicly-financed auto mall (on land conveniently designated as “blight”).

Still further north is another auto mall in Santa Fe Springs, with numerous long-vacant parcels waiting for the dealerships that will never come. To the west is Cerritos, whose giant redevelopment-funded “Auto Square” became a pioneer in auto dealer piracy, draining off dealerships — and sales tax revenue — from its neighbors. Nearby Lakewood lost so many car dealers that its city manager labeled Cerritos the “Darth Vader of cities”.

Drive any stretch of freeway in San Diego, Los Angeles, Santa Clara or other urban counties and you’ll see redevelopment-funded auto malls, with their hopeful reader boards and carefully graded — and vacant — dealer sites. They’re the product of a bitter fiscal free-for-all, as cities coax each other’s dealerships away with ever-sweeter giveaways.

Car dealers, of course, are loving it. They no longer have to make a profit from mere customers. They can now play one city off against another for cheap land, tax rebates and free public improvements. You can’t blame them. But you can blame the laws that encourage this shell game.

The same pattern is repeated with department stores, discount chains, home improvement centers, professional sports

franchises and even gambling casinos. Corporate decisions once based on market forces are now determined by which city’s redevelopment agency will cut the best deal.

The rush for sales taxes has caused cities to favor commercial development over all other types of land use (Table 6.1). This fiscalization of land use offers incentives to giant retailers, while discouraging new housing and industry.

The California Redevelopment Association (CRA) encourages retail developers to expect public handouts. The CRA regularly co-hosts conferences with the International Council of Shopping Centers (ICSC) where retailers and mall promoters feel out city officials for handouts.

“California has more than 300 redevelopment agencies”, gushes the ICSC magazine *Shopping Centers Today*. “Unlike smokestack industries and manufacturing plants, retail development is a source of clean revenue for cities” (“ICSC Forges Public/Private Partnerships”, May 2001).

This pro-retail/anti-industrial bias pervades redevelopment promoters. They value low wage retail jobs at the expense of high paying manufacturing jobs. They value people only as consumers, not as skilled workers. They value consumption at the expense of production.

Per-capita sales tax revenues vary widely from city to city (Table 6.2). Generally, affluent suburban ring cities get more than older urban-core cities that need it the most. Largely minority cities are hit especially hard by sales tax inequality. Redevelopment has added to these distortions as cash-flush suburban cities lure retailers out of the poorer inner-city.



“What’ll ya bid for this auto dealership?”

In *California Cities and the Local Sales Tax* (Public Policy Institute of California, San Francisco, 1999), researchers Paul Lewis and Elisa Barbour show how the sales tax bias has skewed local decision-making and how the billions in redevelopment subsidies have failed to expand sales tax revenues; “From the 1970’s to the 1990’s, sales taxes, measured in real dollars per-capita, were a fairly stagnant source of funds.” (page xiii).

Even as personal incomes grew rapidly in the halcyon ‘90s, sales tax revenues remained flat. An aging California population is investing more of its money, and spending it on health care, travel and personal services, none of which is subject to sales tax.

Internet commerce, too, will cut into future sales tax revenues. Burgeoning interstate online purchases are sales tax exempt by federal law,

and taxes on in-state purchases are difficult to collect.

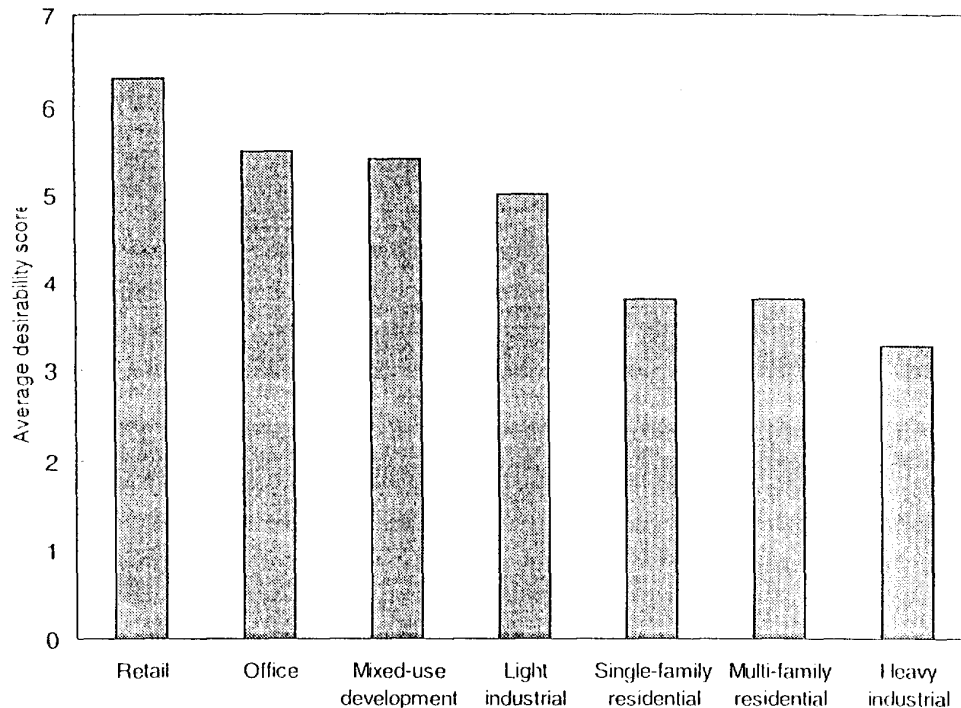
These factors make it unlikely that the huge public subsidies poured into retail businesses will ever pay back the new sales taxes so touted by redevelopment boosters.

State leaders are finally focusing on the need for sales tax reform. The “fiscalization of land use” promoted by redevelopment practices now show signs of being addressed.

AB 178 was sponsored by Assemblyman Tom Torlakson (D-Martinez), and signed into law in 1999 by Governor Davis. It requires any city or agency which uses public money to lure a business away from a neighboring city to reimburse that city for half the sales taxes lost, over a 5-year period.

Proposition 11, passed in 1998, allows neighboring cities to enter into regional sales tax sharing agreements. This would stabilize reve-

TABLE 6.1
Relative Desirability of Various Land Uses
in Redevelopment Areas, as Viewed by City Managers



SOURCE: PPIC, *California and the Local Sales Tax*, page 77.

(The Public Policy Institute of California conducted a survey of 471 City Managers, 330 of whom responded.)

nues and end bidding wars for retailers. With so many cities packed into certain urban counties (Los Angeles County has 88 cities), however, it is difficult for cities to work out such agreements on their own.

A more far-reaching reform would be to replace the point-of-sale to a per-capita sales tax disbursement. This would create a more equitable distribution of public revenue, and completely end costly competition over major retailers.

The Public Policy Institute's sales tax study indicated that 59.5% of the state's population live in cities and counties that would be better off in a per-capita system, especially residents of older cities.

Newspapers as diverse as the *L.A. Times* and *Orange County Register* have editorially supported sales tax reform.

Then-Speaker Antonio Villaraigosa's Commission on State and Local Government Finance proposed replacing half the cities' and counties' sales tax share with more stable property tax revenues.

Controller Kathleen Connell's State Municipal Advisory Reform Team (SMART) issued its 1999 recommendations, including a phased-in per capita sales tax disbursement system over 10 years, that would assure cities and counties a greater share of property taxes.

A move away from sales tax reliance will restore fiscal rationality to local government and

balance to land use decisions. It will also undercut the leading rationale for redevelopment agencies.

With assured and stable revenues, cities will cease subsidizing retail and treat residential and industrial uses more fairly. With a greater share

of the property taxes for their general funds, cities will be loathe to divert them into their redevelopment agencies.

A return to common sense in local government finance will end the irrationality that redevelopment has become.

TABLE 6.2
Annual Per-Capita Sales Tax Revenues: Selected Cities

City	Sales Tax Per Capita
<i>Affluent Suburban Cities: (25,000-100,000)</i>	
Beverly Hills	\$442
Cerritos	\$419
Brea	\$340
Palo Alto	\$321
Palm Desert	\$267
Pleasanton	\$259
Irvine	\$253
Mountain View	\$250
Campbell	\$234
Carlsbad	\$204
<i>Statewide Average</i>	<i>\$120</i>
<i>Older Urban Core Cities (over 150,000)</i>	
San Diego	\$118
San Bernardino	\$117
Riverside	\$114
Santa Ana	\$103
Stockton	\$97
Oakland	\$77
Los Angeles	\$76
Pomona	\$64
Long Beach	\$61
<i>Predominantly African-American Cities:</i>	
Compton	\$52
Inglewood	\$49
East Palo Alto	\$21
<i>Predominantly Hispanic Cities:</i>	
Stanton	\$74
Pico Rivera	\$61
Coachella	\$50
Maywood	\$27
Parlier	\$14

SOURCE: California State Board of Equalization / All Figures: Fiscal Year 1999-2000

7 — Follow the Money

Redevelopment backers may claim they are eliminating blight and cleaning up urban California, but the money trail tells a very different tale.

Table 7.1 shows where and to whom the money is flowing.

\$3.4 billion in public money was spent by all California redevelopment agencies (F.Y. 1999-2000), according to the most recent State Controller's Report. This includes both funds from property taxes and bond sale proceeds.

Over a quarter of the money pays for the interest on debt. That's \$892 million into the pockets of bondholders, at the expense of California taxpayers. This is a powerful motive for bond lawyers and brokerage houses to keep pushing redevelopment schemes and lobbying against needed reform.

While all redevelopment funds are encumbered by some sort of debt, \$610 million was made directly on debt principal. Thus 44% of all redevelopment funds went directly to debt payments.

While redevelopment apologists claim to be "rebuilding" our cities, only 22% went for actual development, and another 9% for land acquisition, much of it still vacant.

Significantly, \$395 million — 11% — was spent on administration, most of it for redevelopment staff salaries. This provides a lucrative bureaucratic base that redevelopment staffers seek to preserve and expand.

By law, 20% of all redevelopment funds must be spent on "low cost" housing (see Chapter 9), but only 2% is actually being spent directly on housing. Redevelopment agencies would much rather attract new retailers than residents.

The redevelopment establishment has tried to disavow these figures. But the numbers in the Controller's Report were all submitted by the agencies themselves. Table 7.1 represents a comparison of the major categories.

They are testimony to the waste and ineffectiveness of redevelopment. They are grim evidence of who really profits from it.

Definitely not the people of California.

Debt Payments

Real Estate
Development

Administration

Property Acquisitions

Housing Subsidies

Other

TABLE 7.1

Interest: \$892 million

**Principal:
\$610 million**

\$1.502 billion
(44%)

\$753 million (22%)

\$395 million (11%)

\$292 million (9%)

\$74 million (2%)

\$410 million (12%)

Debt Interest Payments includes Interest Expense: \$868,339,504 and Debt Issuance Costs: \$23,468,309. Total: \$891,807,811.

Debt Principal includes Tax Allocation Bonds: \$275,752,417, Revenue Bonds: \$63,957,732, City/County Loans:

\$139,412,866 and Other Long-Term Debt: \$130,987,826. Total: \$610,110,841. Real Estate Development includes Site

Clearance Costs: 12,235,420, Project Improvement/Construction Costs: \$609,040,240, Planning Survey & Design:

\$31,171,594. Disposal Costs: \$1,216,060. Loss of Disposition of Land Held for Resale: \$38,696,167. Decline in Value of Land

Administration Costs: \$14,676,110, and Rehabilitation Costs/Grants: \$46,376,332. Total: \$753,411,893. Administration includes

Administrative Costs: \$311,302.499 and Professional Services: \$83,680.815. Total: \$394,983.314. **Property Acquisition**

includes Real Estate Purchases: \$151,572,978 Acquisition Expense: \$43,241,793 Operation of Acquired Property:

Includes Real Estate Purchases: \$151,372,976, Acquisition Expense: \$45,241,725, Operation on Acquired Property: \$27,688,994, Relocation Costs/Payments: \$38,548,411 and Fixed Asset Acquisition: \$30,793,922. Total: \$291,846,098.

Housing Subsidies includes Subsidies to Low & Moderate Housing: \$73,855,538. **Other** includes Other Expenditures:

Housing Subsidies includes Subsidies to Low & Moderate Housing, \$75,655,556. Other includes Other Expenditures, \$400,888,403.

8 — The Myth of Economic Development

“Economic Development” is a common cliché among city governments and redevelopment agencies.

It refers to a belief that tax subsidies to selected private businesses can stimulate the local economy. It assumes that the free enterprise system alone is inadequate. It presumes that government planners can allocate resources more efficiently than can the free market.

The legal purpose for redevelopment remains the elimination of blight. All economic development activities must pay lip service toward that goal. Behind this façade, redevelopment has subsidized giant retailers, luxury hotels, golf courses, stadiums and even gambling casinos.

Is there any evidence that redevelopment has promoted economic development in blighted areas?

No.

The first systematic statewide analysis of redevelopment agencies was published by the prestigious Public Policy Institute of California in 1998, entitled *Subsidizing Redevelopment in California*. Veteran researcher Michael Dardia compared 114 different redevelopment project areas to similar neighborhoods outside of redevelopment areas, from 1983 to 1996.

The report concluded that redevelopment activities were not responsible for any net economic growth or increase in property taxes, and that they were a net drain on public resources. As the report’s title suggests, Dardia concluded that redevelopment was being subsidized by taxes drained from the schools, the state and special districts.

In his research, Dardia had the full co-

operation of the California Redevelopment Association, which approved his methodology and confirmed his data. When his conclusion was reached, however, the CRA blasted the report and tried to have it buried. Yet it cannot refute the emerging truth: redevelopment does not work.

Similarly, the *Los Angeles Times* (January 30, 2000) published a detailed study showing the North Hollywood Redevelopment Project Area’s 20-year, \$117 million effort had produced no net benefits for the community.

The *Times* compared North Hollywood to ten other socio-economically identical areas in Los Angeles that had no redevelopment, including Van Nuys, Mar Vista and Venice. “Although they received no redevelopment money, most of the comparison areas registered improvements in income and poverty rates equal or better than the heavily funded North Hollywood project area,” the report concluded.

Census data confirm the conclusions of the Public Policy Institute and *Los Angeles Times*. A 10-year comparison (1979-1989) of redevelopment and non-redevelopment cities shows no net per-capita income gains due to redevelopment activity (Table 8.1).

Pairing similar cities by area, size and income, shows those without redevelopment posted greater gains in living standard than those with redevelopment (Table 8.2).

Redevelopment’s extreme bias in favor of retail and against industry has created low wage jobs at the expense of skilled workers. It subsidizes big box stores selling largely imported goods at the expense of American manufacturing jobs.

Redevelopment apologists and lobbyists counter with pretty pictures of new stadiums and shopping malls. Surely, with all the money spent, some nice new buildings have been completed. But their evidence of success is purely anecdotal. The evidence of failure is in the numbers. All objective comparison studies have shown that aggregate statewide redevelopment activity does NOT generate economic development and does NOT eliminate blight.

This should come as no surprise even to the most ardent redevelopment boosters. Everywhere in the world, those countries that respect property rights and free consumer choice outperform those that put economic decisions in the hands of bureaucrats.

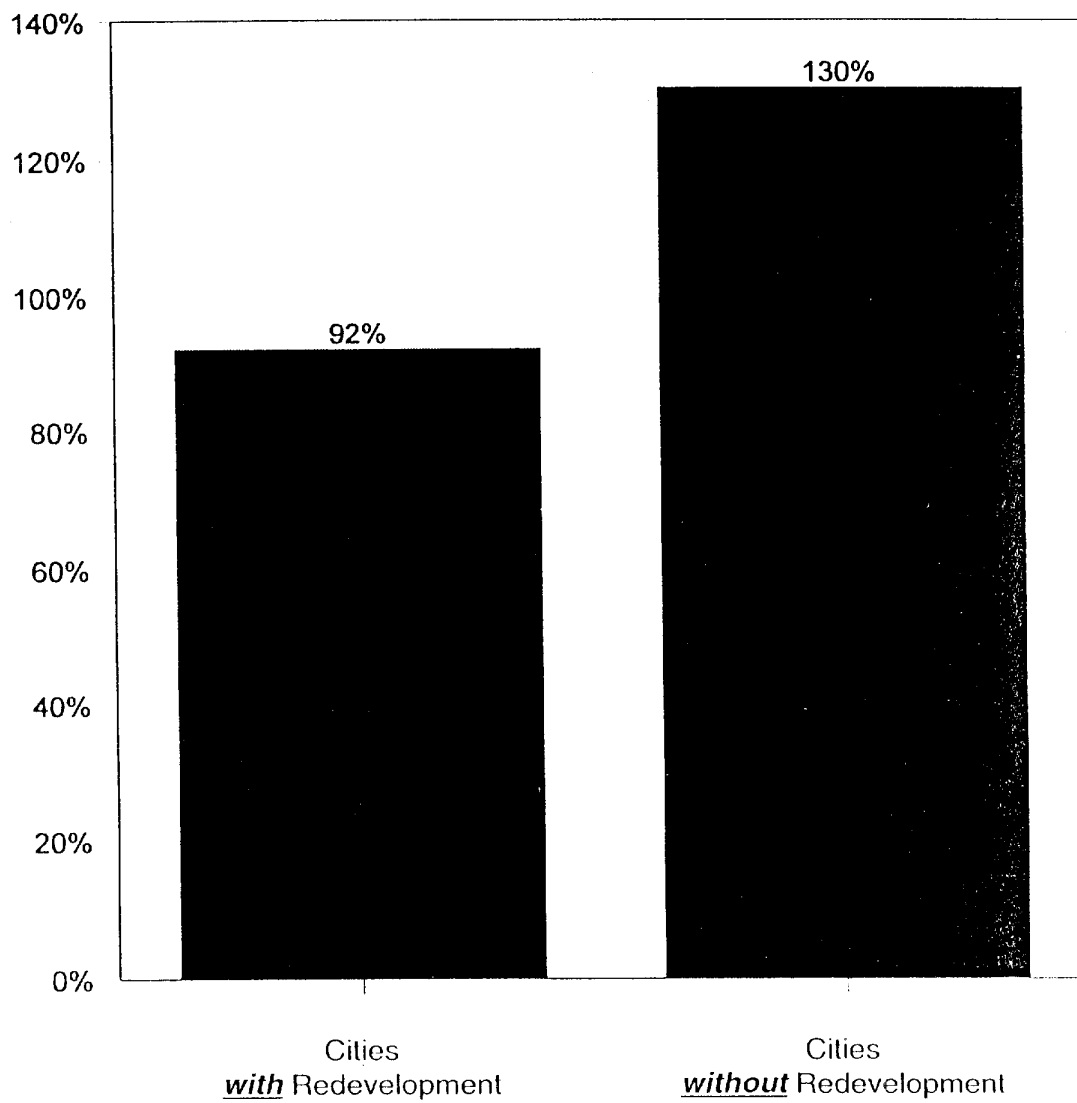
It is ironic that even as we encourage former Soviet bloc governments to free their economies, we increasingly entangle our local and state governments in economic policies that have repeatedly failed elsewhere.



"Isn't economic development great?"

TABLE 8.1

**Per-Capita Income Growth
Redevelopment vs. Non-Redevelopment Cities**



This survey reflects the 313 cities with redevelopment agencies, and the 101 cities without redevelopment agencies, from 1979-89. Cities incorporated after 1979 are not included.

SOURCE: United States Census Bureau, State Controller.

TABLE 8.2
Personal Income Growth Comparison Between
Cities With and Without Redevelopment

*A Region-by-Region Per-Capita Income Growth Survey
Among Cities of Comparable Size and Socio-Economic Levels, 1979-1989*

LOS ANGELES BASIN:

Status	City	1979	1989	Growth
NO Redevelopment	Gardena	\$7,911	\$14,601	85%
HAS Redevelopment	Hawthorne	\$8,097	\$14,842	83%
NO Redevelopment	Artesia	\$6,520	\$12,724	95%
HAS Redevelopment	Inglewood	\$6,962	\$11,899	71%

BAY AREA:

Status	City	1979	1989	Growth
NO Redevelopment	Benicia	\$9,312	\$20,663	122%
HAS Redevelopment	Alameda	\$9,288	\$19,833	114%

CENTRAL VALLEY:

Status	City	1979	1989	Growth
NO Redevelopment	Lodi	\$7,691	\$14,638	90%
HAS Redevelopment	Chico	\$6,065	\$10,584	74%

SMALL CITIES:

Status	City	1979	1989	Growth
NO Redevelopment	Etna	\$4,812	\$9,333	94%
HAS Redevelopment	Industry	\$4,539	\$7,853	73%

SOURCE: U.S. Census Bureau, California State Controller's Office

9 — Housing Scam

By state law, redevelopment agencies must spend 20% of their budgets on housing. This housing set-aside fund was intended to improve the quality and expand the supply of low cost housing.

In reality, however, most agencies resist spending money on new housing. When they do, the funds are often squandered on high-cost projects that enrich developers, and often displace more people than they house.

Anaheim proposed to “improve” its working class Jeffrey-Lynne neighborhood by forcing existing apartment owners to sell to Southern California Housing Corp. (headed by ex-Mayor and Senator John Seymour). Half of the units will be demolished, over 400 tenants will be evicted and those that remain will see their rents doubled. Public subsidy: \$54 million.

The Brea Redevelopment Agency demolished its entire downtown residential area, using eminent domain to force out hundreds of lower-income residents. Much of its housing money has since been spent on mixed-use projects that are really more commercial than residential. The agency recently gave \$649,000 in housing funds to a largely retail development that will include only eight loft apartments. Earlier, Brea allocated \$30 million in housing funds for a street widening.

Many other agencies find creative ways to “launder” their housing money into commercial and other uses.

When agencies do build housing, they often displace the poor through “gentrification.” Los Angeles’ notorious Bunker Hill project razed an older neighborhood, replete with vintage Victorian homes, and replaced it with costly high-rise apartments and condos.

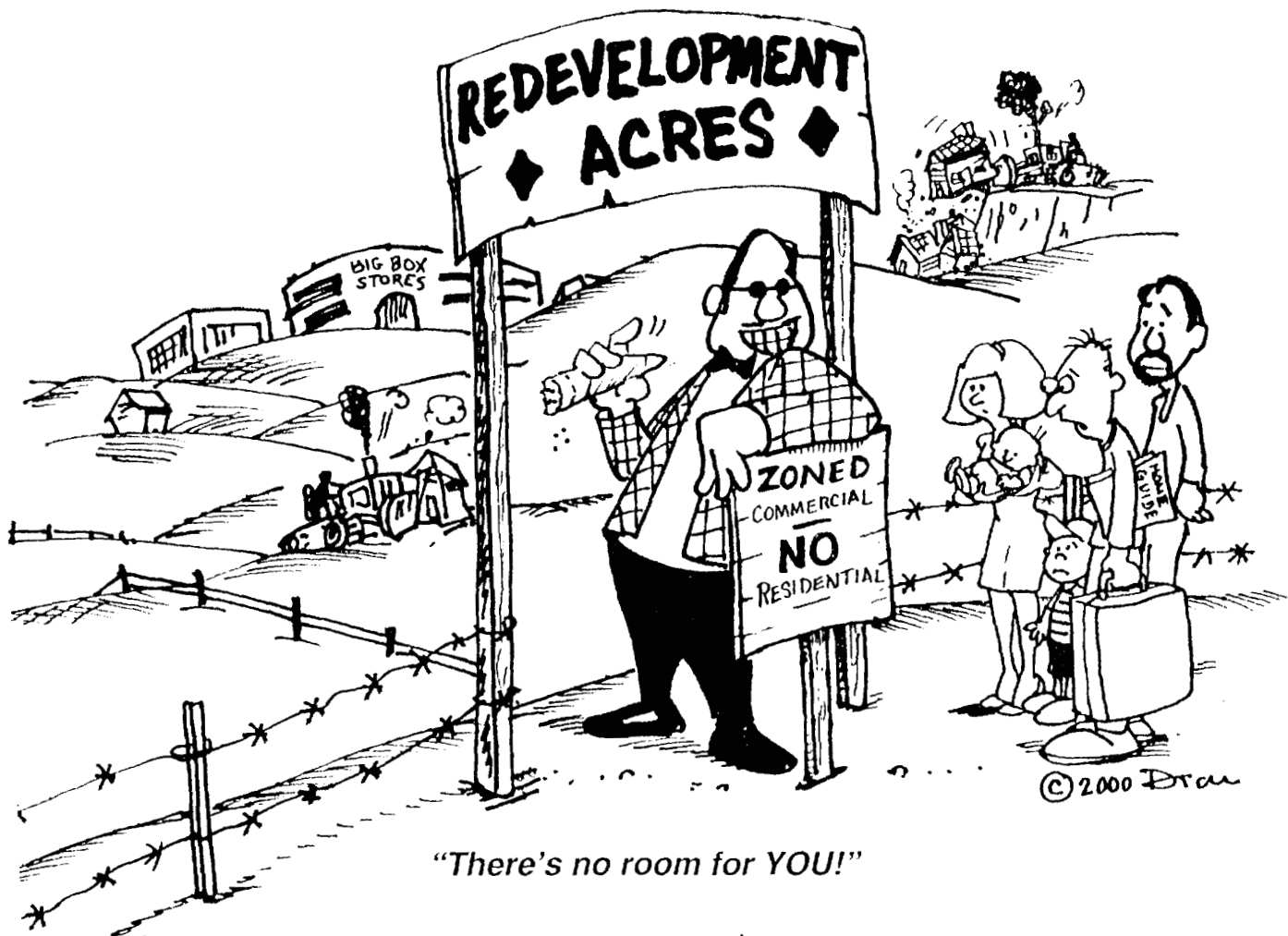
Indian Wells certainly does not want any working-class people in its gated city of mansions and golf courses. The Indian Wells Redevelopment Agency has tried to transfer all of its housing funds to nearby Coachella, a largely poor Latino community. The State Department of Housing and Community Development has since ruled the transfer is illegal, that “Indian Wells has the obligation to use 20% of its annual property tax increment for affordable housing within its borders. Indian Wells has used redevelopment funds to build upscale hotels and golf courses that employ many low wage workers who are without affordable housing because it shirks its responsibility.”

Many cities simply refuse to spend any of the required 20% on housing. The City of Industry’s aggressive use of redevelopment has built shopping malls and auto plazas, yet not one new housing unit has been built there in the agency’s history.

Despite the 20% requirement, the 1999-2000 State Controller’s Report summary (page 254) shows barely 2% was spent on low and moderate income housing.

Of the money which is spent, one fifth of all funds are eaten up by administrative overhead, mostly for agency staff salaries, while only 18% actually goes toward new housing construction.

The California Redevelopment Association has long lobbied the legislature for the elimination of the housing requirement. Housing advocates have been able to keep the 20% mandate, but have come to realize that it has done nothing to help low-wage earners or expand low-cost housing. Like much else in redevelopment, the original intent has been ignored.



"There's no room for YOU!"

The real effect of redevelopment has been to increase housing costs statewide. To make up for losses to redevelopment property tax takeaways, school districts have levied new fees on residential development. Cities are happy to subsidize infrastructure for retail centers, then shift the burden to new housing. Commercial developments are subsidized, while residential developments face rising fees for streets, sewers, water and schools, often far beyond their direct impact.

The fiscalization of land use ties up too much property in commercial zones, thus keeping out needed housing. The actual redevelopment-funded housing that is built may gentrify an area, but the poor residents are simply shifted elsewhere.

A shift away from sales tax reliance to property tax would be a first step in more affordable housing. Cities would be rewarded for maintaining quality residential areas, rather than simply luring more retail. New homes would not be spurned as a burden, but welcomed as new property tax contributors.

This will happen if cities rely less on sales taxes and receive a greater share of local property taxes. But these new property taxes must be spent on infrastructure and public safety, and not siphoned away by redevelopment agencies. In the meantime, redevelopment remains an unneeded extra layer of government, which has only added to housing costs statewide.

10 — Eminent Domain for Private Gain

“Nor shall private property be taken for public use without just compensation”. Thus the Bill of Rights specifies the only purpose for eminent domain: “public use”.

Since then, government has used eminent domain to acquire land for public use. Roads, schools, parks, military bases, and police stations were essential public facilities that took priority over individual property rights. Private real estate transactions, on the other hand, were always voluntary agreements between individuals.

Redevelopment has changed all that.

Under redevelopment, “public use” now includes privately owned shopping centers, auto malls and movie theaters. “Public use” is now anything a favored developer wants to do with another individual’s land. Eminent domain is used to effect what once were purely private transactions.

In a typical redevelopment project, a developer is given an “exclusive negotiating agreement”, or the sole right to develop property still owned by others. Once such an agreement is made, small property owners are pressured to sell to the redevelopment agency, which acquires the land on behalf of the developer. If refused, the agency holds a public hearing to determine “public need and necessity” to impose eminent domain. By law, this must be an impartial hearing. In reality, the agency has already committed itself to acquire the property for the developer, so the outcome is certain.

Whole areas of cities have been acquired, demolished and handed over to developers to recreate in their own image. Historic buildings, local businesses and unique neighborhoods are replaced by generic developments devoid of the special flavor that once gave communities their identities.

Typical is the experience of Anaheim. Having demolished its historic central business district in the mid-1970’s, the redevelopment agency recently hired consultants to help restore the identity of a downtown that no longer exists. “The complete eradication of the traditional business district has left nothing for the community to relate to as their downtown”, admits an internal city memo.

“Redevelopment means the bulldozers are coming,” said Jack Kyser, chief economist for the Los Angeles County Economic Development Corp., (January 30, 2000, *L.A. Times*). “A lot of time you displace business. Once you do that it’s tough to replace them.”

Small property owners have little chance to participate in redevelopment projects. Consultants and redevelopment planners prefer to work with one huge parcel under a single ownership. Entrepreneurs and homeowners just get in the way.

Typically, it is small family-owned businesses that are targeted for eminent domain. The Veltri family ran a popular Italian restaurant for years in downtown Brea. Forcefully acquired and demolished by the agency, a Yoshinoya Beef Bowl now stands in its place. Across the street, the Vega family saw its service station condemned and demolished to make way for brew-pub. Are teriyaki and beer more of a “public use” than pasta and gasoline? Appropriately, the Brea Redevelopment Director later became the president of the California Redevelopment Association.

Ralph Cato saw his Fresno home condemned to provide land for a Roxford Foods turkey processing plant, which went bankrupt a few years later. Cato never got his house back.

The CRA touts the aggressive use of eminent domain in its monthly *Redevelopment Journal*. A September 1999 article, with the ironic headline "Eminent Domain Helps Citizens," boasts "Wells Fargo Bank was one of the existing tenants of the Los Altos Shopping Center (Long Beach) helped by eminent domain." Just how using eminent domain to benefit a multi-billion dollar bank "helps citizens" is not explained.

The same article details how eminent domain was used in North Hollywood to forcibly acquire a "brake shop, a gas station and small apartment building" to make way for a Carl's Jr. and a Pollo Loco. Why is fast food more of a "public use" than housing or brake safety?

Redevelopment staff attend professional seminars promoting the ever-expanding use of eminent domain. Consultants explain how to pay the victims — nearly always small businesses and homeowners — as little as possible.

Fortunately, courts are becoming more willing to stop eminent domain abuse. In February 2000, the Lancaster Redevelopment

Agency condemned a 99 Cents Only Store solely to acquire the land for a Costco. Dave Gold, CEO of 99 Cents Only Stores Corp. (80 locations statewide) counter sued for violation of his 5th Amendment property rights. "We don't want compensation. We just want to stay where we are", Gold told the agency.

On June 27, 2001, the U.S. District Court ruled that the eminent domain action was illegal. In his 17-page ruling, Federal Judge Stephen V. Wilson wrote that the Lancaster action was a "naked transfer of property from one private party to another".

The *99 Cents Only Stores vs. Lancaster Redevelopment Agency* case will encourage others to defend their property against illegal takings. It has exposed the unconstitutional abuse of eminent domain that lies at the heart of redevelopment coercion.



"What's mine is mine . . . and what's yours is mine!"

11 — The Redevelopment Establishment

Redevelopment is an entrenched special interest. It thrives on contributions from its beneficiaries and from lack of awareness of the general public. Its advocate is the California Redevelopment Association, a Sacramento-based lobby that seeks to protect and expand redevelopment power.

The CRA's \$1.6 annual budget is paid for from hefty annual dues by both agency-members and the private firms that profit from redevelopment. Despite the public tax dollars contributed to the CRA, the public has no say in CRA operations. The CRA is governed by an 18-member board. All are redevelopment agency administrators. None are elected officials. The CRA is operated by and for redevelopment insiders. Good public policy is the last of its concerns.

The CRA is highly sensitive to the growing public and legislative reaction to redevelopment abuse. Its monthly newsletter, *Redevelopment Journal*, brims with advice to redevelopment staff on finessing inquiries from the press and grand juries. It has repeatedly criticized *Redevelopment: The Unknown Government*, and personally attacked its authors, but has refuted none of the factual information provided here. Mostly it provides photos of new malls and shopping centers, accompanied by fluff pieces from redevelopment directors.

Well aware of redevelopment's growing negative image, the CRA has created the "Institute for a Better California," a pro-redevelopment public relations front group. Operating next to the CRA's Sacramento office, the IBC plants friendly stories in the mainstream press and monitors opposition groups.

The CRA has two core constituencies: agency staff members whose salaries derive from redevelopment and private businesses that profit from redevelopment.

Redevelopment staff controls agency

agendas and recommends actions. Agency members — usually elected city council members — tend to rely more on staff than on their own judgement. Though simple in principle, redevelopment is presented as too complex for ordinary elected officials and citizens to understand.

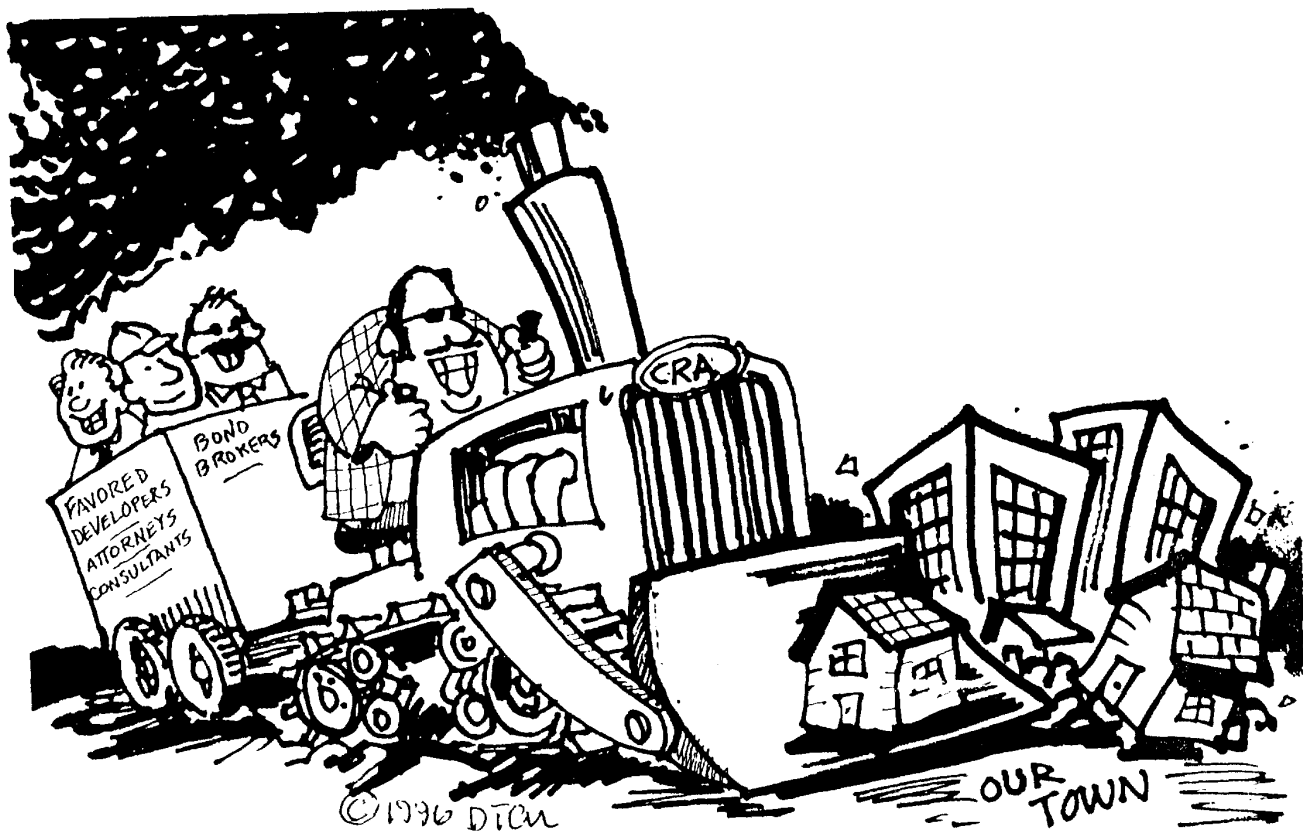
The special interests profiting from redevelopment are easy to find. The 1996 CRA Directory, includes 25 commercial developers, 26 bond brokers, 37 law firms and 101 separate consulting firms.

The CRA Annual Conference in San Diego, held March 15-17, 2000, boasted 60 corporate sponsors and exhibitors. The main purpose of such conferences is to increase business for the firms that prey off redevelopment budgets.

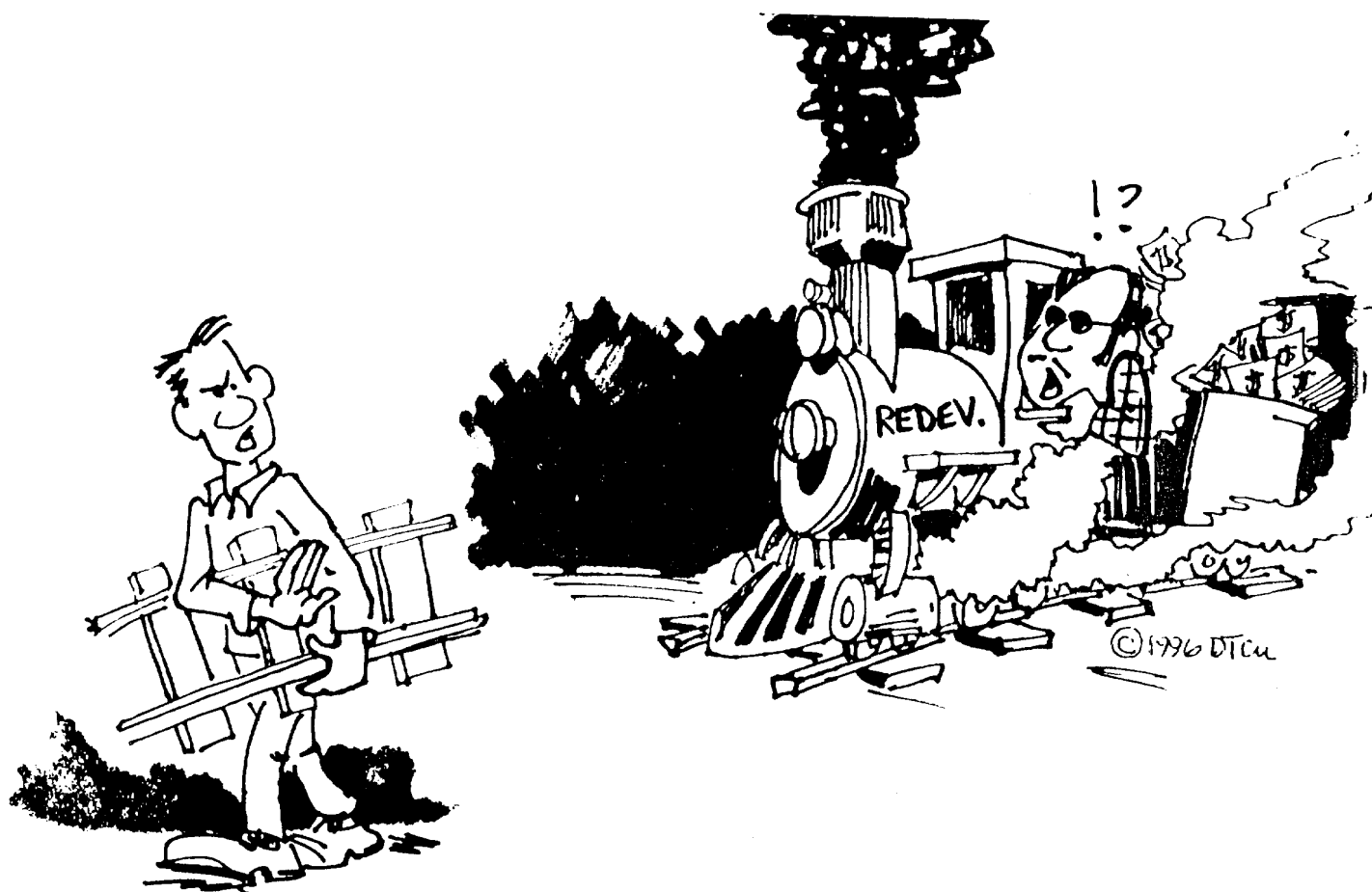
Among these are California's biggest developers, priciest law firms and Wall Street's most powerful brokerage houses. The "expertise" they provide for public officials is always geared toward high debt and expanding redevelopment power.

For all its guile, however, the CRA is puny compared to the California Teachers Association (CTA) and other interest groups that could mobilize to reclaim the money diverted by redevelopment. Admitted one CRA executive, "The largest group we have to fear is the CTA, because they are becoming aware that the money the state backfills to schools is additional money the schools might have, if they had not lost the money to tax increment in the first place."

In the end, the CRA's real power lies in widespread ignorance of what redevelopment is and how it operates. By law, redevelopment agencies are an arm of state government, yet there is little state oversight. This isolation has spawned abuses that would not be tolerated in any other government agency.



"Follow me, boys . . . another town needs saving!"



"Your gravy train ends here!"

12 — What You Can Do

Clearly, redevelopment is out of control.

Under the thin guise of eliminating blight, it consumes a growing share of property taxes, incurs ever burgeoning debt, spawns sales tax wars among cities and tramples on property rights. Originally created as a temporary measure following World War II, it threatens to become a permanent cancer on California's political and economic life. Ending redevelopment abuses can be approached on four levels:

LOCAL ACTIVISM: If your city has redevelopment, learn more about it and help educate your fellow citizens. Monitor agency agendas, challenge new debt issuances and expansion of project areas. Support local small businesses threatened with eminent domain and facing giant tax-subsidized competitors.

Support channeling redevelopment funds into infrastructure and real public improvements, and away from developer hand-outs and special interests.

Encourage your city to work for co-operative sales tax sharing agreements with its neighbors, as allowed for in Proposition 11.

If your city has no redevelopment, use the examples of abuse to keep it out of your city. Wherever you live, support officeholders and candidates who understand redevelopment and can make their own judgements independent of those who profit by it.

STATEWIDE ACTIVISM: Municipal Officials for Redevelopment Reform (MORR) and Californians United for Redevelopment Education (CURE) are two statewide networks committed specifically to ending redevelopment abuse.

MORR publishes *Redevelopment: The Unknown Government*, which is available to all elected officials and citizen groups.

MORR also holds its California Conference on Redevelopment Abuse, held twice annually; spring in the Los Angeles area, and fall in the Bay Area. Attended by legislators, lawyers, mayors and activists, the confabs provide needed information — and inspiration — for those fighting redevelopment abuse. Call 714-871-9756 for the upcoming conference nearest you, or for additional copies of this publication.

CURE is an all volunteer network, providing contacts among the many locally-based activist groups throughout the state. Call 323-567-6737 to get involved.

LEGAL CHALLENGE: County and school officials must be more aggressive in appealing redevelopment tax diversions. Grand Juries must broaden their probes into redevelopment. As the California State Supreme Court becomes more protective of property rights, eminent domain abuses can be more successfully challenged. A growing number of public interest lawyers are willing to defend small property owners against redevelopment agencies.

STATE LEGISLATION: Redevelopment is a layer of government created by the state, and has no powers other than those granted by the state. It is wholly within the powers of the state legislature and governor to reform, alter or abolish. The following issues must be addressed:

Eminent Domain: Controls must be placed on the widespread abuse of eminent domain.

Sales Tax Reform: Some type of per-capita sales tax disbursement would end predatory redevelopment and return cities to an equal footing. Assured of a stable revenue flow based on its population size, cities could concentrate on providing basic services, rather than subsidizing new businesses.

Debt Control: Make redevelopment debt subject to voter approval. This would limit debt issuance and make agencies more publicly accountable.

Mandatory Sunsets: The 40-year sunset law must be given teeth and enforced. If redevelopment agencies truly have eliminated blight, then there should be no further need for them.

Infrastructure: Redevelopment funds are public funds that should be spent on public infrastructure, not on private projects. Tighter state legislation should restrict expenditures to improving public streets, parks and other facilities.

Comprehensive Fiscal Reform: A rational and stable method of funding local government must be found, shifting cities back to greater reliance on property taxes and less on sales taxes.

Many redevelopment bills are introduced into the legislature every year. The most significant recent law is AB 178, by Assemblyman Tom Torlakson (D-Martinez) and signed by Governor Davis in December, 1999. It requires any city using public money to lure away an existing business from a neighboring city must reimburse that city for half the sales taxes lost. City victimized by predatory redevelopment may now sue to recover up to half the lost sales taxes.

Numerous recent studies and legislative commissions have concluded that redevelopment abuse must be addressed within the need for comprehensive state and local fiscal reform:

SMART Report: State Controller Kathleen Connell's 21-member State Municipal Advisory Team (SMART) published its 1999 report, *Generating Revenue for Municipal Services*, recommending a 10-year phased-in per-capita sales tax formula, and a greater share of the

property tax for cities.

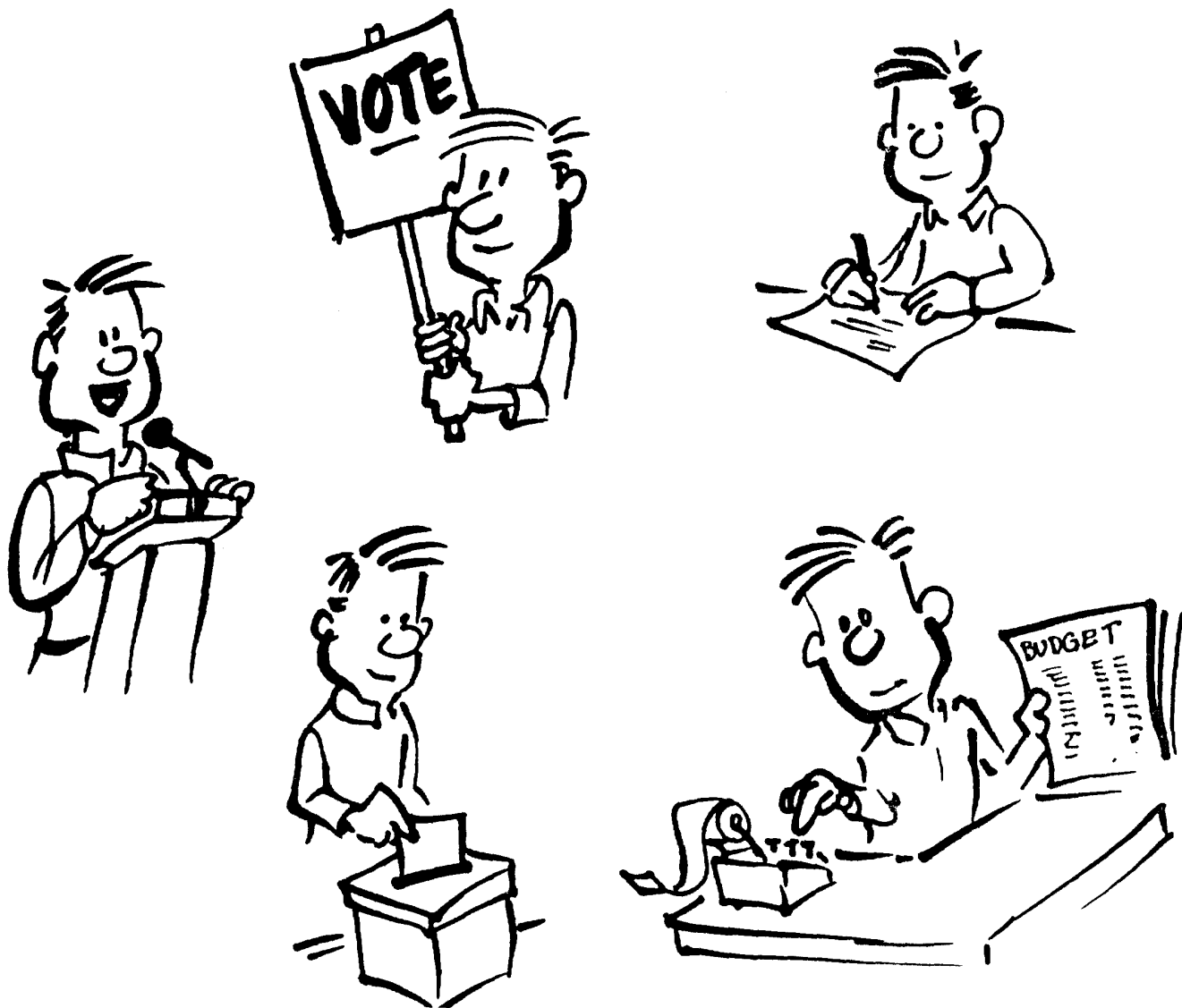
Wilson/Hertzberg Commission: The 14-member bi-partisan Commission on Local Governance for the 21st Century released its 222-page report, *Growth Within Bounds*, in January, 2000. It noted with alarm the doubling of redevelopment area acreage (Table 3.2), and "recommends that the point-of-sale allocation of the sales tax be revised to mitigate its effect on the 'fiscalization of land use' and that the allocation for property taxes be increased to more completely fund property-related services."

Speaker's Commission: Then-Speaker Antonio Villaraigosa's Commission on State and Local Government conducted regional hearings throughout the state. At its hearing at Cal State Fullerton, MORR representative and Fullerton Councilman Chris Norby gave the opening testimony. The commission ultimately called for reforms in the state-city fiscal relationship.

PPIC Studies: The San Francisco-based Public Policy Institute of California has produced two recent seminal reports: *Subsidizing Redevelopment in California* (Michael Dardia, 1998) and *California and the Local Sales Tax* (Paul Lewis & Elisa Barbour, 1999). Both note the fiscal distortions caused by redevelopment, and call on the legislature for needed reforms.

New bills will certainly be introduced into the legislature, based on the recommendations of these commissions. Citizens must let their state representatives know of their support for ending redevelopment abuse with the context of state and local fiscal reform.

Many legislators still need to be educated about redevelopment by their constituents through letters, phone calls, faxes and testimony before key committees. As new term limits take effect, legislators will hopefully focus more on doing the right thing, and long-term relation-



ships with lobbyists will be less important.

Equally important will be the impact of education advocates once they realize how redevelopment revenues can be redirected into California's public schools. The combined political clout of the California Teachers Association and the California School Boards Association dwarfs that of the redevelopment establishment.

Opposition to redevelopment is growing and cuts across partisan lines. It includes pro-

property rights Republicans and anti-corporate welfare Democrats. It includes conservatives opposed to growing public debt and liberals opposed to the destruction of poor neighborhoods. It includes free market libertarians and civil rights activists fighting the displacement of minority communities. It includes environmentalists concerned about suburban sprawl and preservationists lamenting the demolishing of historic downtowns.



13 — Reclaiming Redevelopment Revenue

Public money should be spent to serve and protect the public, not enrich private interests. The \$1.9 billion in property taxes currently diverted by redevelopment agencies can be reclaimed to meet real human needs.

State government has full powers over all 367 redevelopment agencies in California. Though administered locally, these agencies are legally and collectively an arm of state government, and can be reformed directly by the legislature or statewide initiative.

Building shopping malls, auto dealerships and pro sports stadiums is a proper function of the free market. If there is a market for them, they will all be built, with or without government subsidy. Public infrastructure, public education and public safety, however, are state responsibilities.

We, the voters of California, have the power to redirect redevelopment funds back into serving the public, either through our legislative

TABLE 13.1
Annual Revenue Gains by Public Entity
With Restored Property Taxes

K-12 Public Schools:	57% = \$1.083 billion
Counties:	21% = \$399 million
Cities:	12% = \$228 million
Special Districts:	10% = \$190 million
	\$1.9 billion

or ballot initiative. We should do so.

Redevelopment agencies are, by law, arms of state government. By legislation or initiative, the state has ultimate control over these public monies. It is time they were restored to serve the public.

What could we do with the restored property taxes currently diverted to redevelopment schemes? What could we do with the additional \$1.9 billion per year?

PROPERTY TAX RESTORATION: The property taxes (\$1.9 billion annually) could be returned to public education and local government. Currently Public Schools receive 57% of all property taxes statewide, Counties receive 21%, Cities receive 12% and Special Districts receive 10% (before redevelopment, the takes its share). Without redevelopment, the restored tax revenues would then be shared accordingly:

With \$1.083 billion added annually to school funding, over 20,000 teachers could be hired, reducing class size, adding after school programs and individual tutoring.

With an added \$627 million, cities and counties could hire 13,000 more police and sheriff's officers, buy 30 million more library books, improve paramedics or expand youth services.

INFRASTRUCTURE FUND: Rather than add public personnel, the \$1.9 billion could be dedicated to maintaining and improving public infrastructure. Current estimates run as high as \$30 billion in major repairs need to our streets, bridges, sidewalks and water systems. The unknown demands of the current electricity crisis further strain the budget. Add school repairs and the needs are even more staggering.

Redirecting the \$1.9 billion currently diverted by redevelopment agencies into statewide infrastructure would make up for years in deferred maintenance without raising taxes. It would provide local government with the funds needed to fix their streets and classrooms.

The original rationale of redevelopment was to eliminate blight. It was a temporary fix for a temporary problem. Redevelopment

agencies were never supposed to hoard an ever-growing slice of property taxes indefinitely. Let them share it now.

More importantly, how better will blight really be eliminated? By building more commercial development? By encouraging California consumers to buy ever more merchandise? Or by better educating our children? What good are new NFL stadiums in San Francisco, Los Angeles or San Diego, if our streets and water systems are crumbling?

Any true fiscal reform must include the restoration of property taxes now diverted by redevelopment agencies. In addition, reform of the sales tax will remove the motive for the commercial subsidies. Several reform commissions (Chapter 10) have also recommended a greater share of general property taxes assured for cities. In whatever form change occurs, redevelopment will have no long-term future in a system of rational government finance.

When redevelopment is fully understood, change will come quickly. When it is no longer *The Unknown Government*, policies promoting fiscal responsibility, free enterprise and fair play for all Californians will finally be restored.

14 — Sources / Suggested Further Reading

Barbour, Elisa & Lewis, Paul, *California and the Local Sales Tax*, Public Policy Institute California, San Francisco, CA 1999.

California Debt Advisory Commission, *Recommended Practices for Redevelopment Agencies*, Report CDAC-5, Sacramento, CA, 1995.

California Department of Finance, *California Statistical Abstract*, Sacramento, CA 1997.

California Legislature, Senate Committee on Local Government, *Redeveloping California: Finding the Agenda for the 1990's*, Report 457-S, Sacramento, CA 1989.

California Redevelopment Association, *Directory of Member Agencies and Allied Firms*, CRA, Sacramento, CA, various issues.

California Redevelopment Association, *Redevelopment Journal*, CRA, Sacramento, CA, various issues.

California State Auditor, *statewide Redevelopment Agencies*, Sacramento, CA 1996.

California State Board of Equalization, *Sales Tax Revenues by City*, 1999-2000.

California State Controller's Office, *Financial Transactions Concerning Community Redevelopment Areas*, Fiscal Years 1984-85 to 1999-2000, Sacramento, CA.

Commission on Local Governance for the 21st Century, *Growth Within Bounds: Report of the Commission on Local Governance for the 21st Century*, State of California, Sacramento, CA 2000.

Dardia, Michael, *Subsidizing Redevelopment in California*, Public Policy Institute of California, San Francisco, CA 1998.

Los Angeles County Grand Jury, *Report on Redevelopment Agencies in Los Angeles County*, Los Angeles, CA 1994.

Morgan, William S., *Redevelopment Handbook*, Diehl, Evans & Company, Irvine, CA 1997.

Rosentraub, Mar. *Major League Lovers*, Basic Books, New York, NY 1996.

State Municipal Advisory Reform Team (SMART). *Generating Revenue for Municipal Services*, State Controller's Office, Sacramento, CA 1999.

U.S. Bureau of the Census, *County and City Data Book 1995*, Washington, D.C. 1995

Von Haden, Lloyd, *Redevelopment: Boon or Boondoggle?*, Von Haden, Vista, CA 1992.

MORR

MUNICIPAL OFFICIALS FOR
REDEVELOPMENT REFORM



Redevelopment: The Unknown Government

First Edition: October 1996 (5,000 copies)

Second Edition: May 1997 (5,000 copies)

Third Edition: August 1998 (7,000 copies)

Fourth Edition: April 2000 (10,000 copies)

Fifth Edition: July, 2001 (10,000 copies)



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

**SUBJECT: SET PUBLIC HEARING FOR OCTOBER 3, 2001
TO CONSIDER UPDATING DEVELOPMENT IMPACT FEES FOR WATER,
WASTEWATER COLLECTION, STORM DRAINAGE, STREETS, POLICE, FIRE,
PARKS AND RECREATION, AND GENERAL CITY FACILITIES, AND AMENDING
TITLE 15, SECTION 64 OF THE LODI MUNICIPAL CODE**

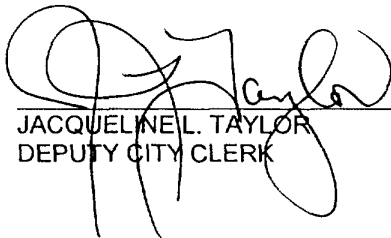
**PUBLISH DATE(s): SATURDAY, SEPTEMBER 8, 2001
SATURDAY, SEPTEMBER 22, 2001**

TEAR SHEETS WANTED: Three (3) please

SEND AFFIDAVIT AND BILL TO: SUSAN BLACKSTON, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: SEPTEMBER 6, 2001

ORDERED BY:


JACQUELINE L. TAYLOR
DEPUTY CITY CLERK

JENNIFER M. PERRIN
DEPUTY CITY CLERK

Verify Appearance of this Legal in the Newspaper - Copy to File

Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)	
Sharon _____	Phoned to confirm receipt of all pages at _____ (time) _____ Jac _____ Jen (initials)

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Wednesday, October 3, 2001 at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a Public Hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) Updating Development Impact Fees For Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks And Recreation And General City Facilities, And Amending Title 15, Section 64 of The Lodi Municipal Code.

Information regarding this item may be obtained in the office of the Public Works Department Director, 221 West Pine Street, Lodi, California. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or

PUBLIC NOTICE

someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order of the Lodi City Council:

Susan J. Blackston

City Clerk

Dated: September 6, 2001

Approved as to form:

Randall A. Hays

City Attorney

Sept. 8, 2001

— 3664



DECLARATION OF POSTING

On Thursday, September 6, 2001 in the City of Lodi, San Joaquin County, California, a copy of Notice of Public Hearing of the City Council of the City of Lodi to consider Updating Development Impact Fees For Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks And Recreation , And General City Facilities, And Amending Title 15, Section 64 Of The Lodi Municipal Code (attached hereto, marked Exhibit "A") was posted at the following four locations:


Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 6, 2001, at Lodi, California.

ORDERED BY:

**SUSAN J. BLACKSTON
CITY CLERK**



Jacqueline L. Taylor
Deputy City Clerk

Jennifer M. Perrin
Deputy City Clerk



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: October 3, 2001

Time: 7:00 p.m.

For information regarding this notice please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, October 3, 2001** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a Public Hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Updating Development Impact Fees For Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks And Recreation , And General City Facilities, And Amending Title 15, Section 64 Of The Lodi Municipal Code

Information regarding this item may be obtained in the office of the Public Works Department Director, 221 West Pine Street, Lodi, California. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order of the Lodi City Council:

Susan J. Blackston
City Clerk

Dated: September 6, 2001

Approved as to form:

Randall A. Hays
City Attorney



*Please immediately confirm receipt
of this fax by calling 333-6702*

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: Continued Public Hearing - Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code


PUBLISH DATE(s): Saturday, October 6, 2001
Saturday, October 13, 2001

TEAR SHEETS WANTED: Three (3) please

SEND AFFIDAVIT AND BILL TO: SUSAN BLACKSTON, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: OCTOBER 4, 2001

ORDERED BY:


JACQUELINE L. TAYLOR
DEPUTY CITY CLERK

JENNIFER M. PERRIN
DEPUTY CITY CLERK

Verify Appearance of this Legal in the Newspaper - Copy to File

Hand Delivered
Faxed to the Sentinel at 369-1084 at 11:30A (time) on 10/4/01 (date) 2 (pages)
Sharon _____ Phoned to confirm receipt of all pages at _____ (time) Jac Jen (initials)



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF CONTINUED PUBLIC HEARING

Date: October 17, 2001

Time: 7:00 p.m.

For information regarding this notice please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTICE OF CONTINUED PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the public hearing of the City Council of the City of Lodi to consider public comments/testimony regarding Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code, has been continued to Wednesday, October 17, 2001, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, in the Lodi Council Chambers, Carnegie Forum, 305 West Pine Street, Lodi, California.

Information regarding this item may be obtained in the office of the Public Works Department Director, 221 West Pine Street, Lodi, California. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order of the Lodi City Council:

A handwritten signature in cursive script, reading "Susan J. Blackston".

Susan J. Blackston
City Clerk

Dated: October 4, 2001

Approved as to form:

A handwritten signature in cursive script, reading "Randall A. Hays".

Randall A. Hays
City Attorney



DECLARATION OF POSTING

On Thursday, October 4, 2001 in the City of Lodi, San Joaquin County, California, a copy of Notice of Continued Public Hearing of the City Council of the City of Lodi to consider Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code (attached hereto, marked Exhibit "A") was posted at the following four locations:

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 4, 2001, at Lodi, California.

ORDERED BY:

SUSAN J. BLACKSTON
CITY CLERK

Handwritten initials "SB" in black ink.

A large, stylized handwritten signature in black ink, appearing to read "Jacqueline L. Taylor".

Jacqueline L. Taylor
Deputy City Clerk

Jennifer M. Perrin
Deputy City Clerk



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF CONTINUED PUBLIC HEARING

Date: October 17, 2001

Time: 7:00 p.m.

For information regarding this notice please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTICE OF CONTINUED PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the public hearing of the City Council of the City of Lodi to consider public comments/testimony regarding Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code, has been continued to Wednesday, October 17, 2001, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, in the Lodi Council Chambers, Carnegie Forum, 305 West Pine Street, Lodi, California.

Information regarding this item may be obtained in the office of the Public Works Department Director, 221 West Pine Street, Lodi, California. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order of the Lodi City Council:

Susan J. Blackston
City Clerk

Dated: October 4, 2001

Approved as to form:

Randall A. Hays
City Attorney

DECLARATION OF POSTING
NOTICE OF CONTINUED PUBLIC HEARING
OF THE CITY COUNCIL OF THE CITY OF LODI

I, Susan J. Blackston, hereby certify that on October 4, 2001 I posted "NOTICE OF CONTINUED PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF LODI" to consider public comments/testimony regarding Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code, near the Council Chamber door; that said Notice remained posted until after the hour set for said hearing, as shown on said Notice.

A copy of said "NOTICE OF CONTINUED PUBLIC HEARING" as posted near the Council Chamber door, is shown on the attached and is made a part of this Certificate of Posting.

Dated: October 4, 2001
 (Date Posted - Must be within 24 hours)

ORDERED BY:

SUSAN J. BLACKSTON *SB*
CITY CLERK OF THE CITY OF LODI

ORDERED BY:



JACQUELINE L. TAYLOR
DEPUTY CITY CLERK

JENNIFER M. PERRIN
DEPUTY CITY CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF CONTINUED PUBLIC HEARING

Date: October 17, 2001

Time: 7:00 p.m.

For information regarding this notice please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTICE OF CONTINUED PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the public hearing of the City Council of the City of Lodi to consider public comments/testimony regarding updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to consider amendments to Title 15, Section 64 of the Lodi Municipal Code, has been continued to Wednesday, October 17, 2001, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard in the Lodi City Council Chambers, Carnegie Forum, 305 W. Pine Street, Lodi, California.

Posted October 4, 2001

SUSAN J. BLACKSTON
CITY CLERK
of the City of Lodi

CITY COUNCIL

ALAN S. NAKANISHI, Mayor
PHILLIP A. PENNINO
Mayor Pro Tempore
SUSAN HITCHCOCK
EMILY HOWARD
KEITH LAND

CITY OF LODI
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6710
EMAIL pwdept@lodi.gov
http://www.lodi.gov

September 26, 2001

H. DIXON FLYNN
City Manager
SUSAN J. BLACKSTON
City Clerk
RANDALL A. HAYS
City Attorney
RICHARD C. PRIMA, JR.
Public Works Director

Building Industry Assn. of the Delta
1150 W. Robinhood Dr., Ste. 4C
Stockton, CA 95207

Jeff Kirst
P. O. Box 1259
Woodbridge, CA 95258

Dennis Bennett
Bennett Development
P. O. Box 1597
Lodi, CA 95241

Baumbach & Piazza
323 W. Elm St.
Lodi, CA 95240

Frontier Development
2375 W. March Ln.
Stockton, CA 95207

SUBJECT: Public Hearing to Consider Adopting Resolution Updating Development Impact Fees for Water, Wastewater Collection, Storm Drainage, Streets, Police, Fire, Parks and Recreation, and General City Facilities; and to Consider Amendments to Title 15, Section 64 of the Lodi Municipal Code

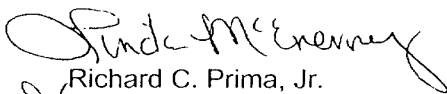
Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, October 3, 2001. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

The Council will conduct a public hearing on this item. You are welcome to attend and speak at the appropriate time.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Susan Blackston, City Clerk, at 333-6702.

If you have any questions about the item itself, please call Wally Sandelin at 333-6709.


Richard C. Prima, Jr.
Public Works Director

RCP/lm

Enclosure

cc: City Clerk

NCPH